

SPORT FISH RESTORATION PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON FISHERIES AND WILDLIFE
CONSERVATION AND THE ENVIRONMENT

AND THE

SUBCOMMITTEE ON
COAST GUARD AND NAVIGATION

OF THE

COMMITTEE ON
MERCHANT MARINE AND FISHERIES
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON

HOW THE FEDERAL AND STATE AGENCIES HAVE USED FUNDS PROVIDED UNDER DINGELL-JOHNSON AND WALLOP-BREAUX LEGISLATION TO IMPROVE CONDITIONS FOR THE SPORT FISHERMEN

MAY 12, 1988

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SPORT FISH RESTORATION PROGRAM

THURSDAY, MAY 12, 1988

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON FISHERIES
AND WILDLIFE CONSERVATION AND THE ENVIRONMENT,
AND SUBCOMMITTEE ON COAST GUARD AND NAVIGATION,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, DC.

The subcommittees met, pursuant to notice, at 2:08 p.m., in room 1334, Longworth House Office Building, Hon. Gerry E. Studds (chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment) presiding.

Present: Representatives Studds, Hutto, Carper, Anderson, Clement, Young, Schneider, Bateman, Saxton, Herger, and Jones (ex officio).

Staff present: Jeffrey Pike, William Stelle, Gina DeFerrari, Joyce Sacco, Lisa Murray, Gene Hammel, Jeanne Timmons, Jim Hoff, Sue Waldron, Tom Melius, George Pence, Sherry Steele, and Duncan Smith.

STATEMENT OF HON. GERRY E. STUDDS, CHAIRMAN, SUBCOMMITTEE ON FISHERIES AND WILDLIFE CONSERVATION AND THE ENVIRONMENT

Mr. STUDDS. Today the two subcommittees meet to review the Fish and Wildlife Service's Sport Fish Restoration Program and to mark up H.R. 3918, legislation to reauthorize the Boat Safety Program.

In an extraordinary departure from the common practice of recent years for most Federal resource programs, we have seen the funding for both of these programs increase significantly as a result of the Wallop-Breaux amendments of 1984. The increasing number of recreational boats and their concentration in our congested coastal areas certainly underscores the need for enhanced boating safety programs. I am also pleased that the taxes paid by our Nation's sport fishermen on their fishing equipment, boats, and fuel are now being channeled into programs of direct benefit to them.

As we witnessed last year, the lure of these increasingly generous set-asides has proven irresistible to those in the Administration with other familiar priorities. I was therefore pleased that Congress supported this committee's opposition to the not-so-subtle OMB raid, and I am looking forward to learning about how these additional funds have been used and are being used to increase sport fishing in this country.

The subcommittees will move directly from this hearing to a markup of H.R. 3918, and we will then consider at that time a substitute amendment to be offered to that bill.

Mr. STUDDS. Are there opening statements? The distinguished chairman of the Coast Guard Subcommittee?

Mr. HUTTO. Nothing, Mr. Chairman.

Mr. STUDDS. The gentleman from Alaska?

Mr. YOUNG. No statement, Mr. Chairman.

Mr. STUDDS. The Members are exceptionally well behaved today. We will go immediately to panel number one, where we have representatives from the Fish and Wildlife Service and from the GAO. I understand you have been asked—might even have agreed—to keep, if you can, your oral statements to five minutes. Your written testimony will be in the record in its entirety.

We welcome you, and we will begin with Mr. Ronald Lambertson of the U.S. Fish and Wildlife Service.

Mr. Lambertson?

**STATEMENT OF RONALD E. LAMBERTSON, ASSISTANT DIRECTOR
FOR FISH AND WILDLIFE ENHANCEMENT, U.S. FISH AND WILDLIFE SERVICE**

Mr. LAMBERTSON. Thank you, Mr. Chairman, members of the subcommittees. I want to thank you for the opportunity to address the committees on the Sport Fish Restoration Program. This is one of the most highly successful and popular user-pay programs administered by the Fish and Wildlife Service.

As you know, the program started in 1950 with passage of the Dingell-Johnson legislation. That law imposed an excise tax on rods, reels, creels, and artificial baits, lures, and flies. In addition, it provided a formula by which the receipts are returned to all of the States on a 75 percent Federal—25 percent State share basis. The success of the program had its foundation in the fact that those who were to pay the taxes developed the idea. It was with this same spirit that anglers, boaters, and manufacturers came together in 1984 and agreed to expand the program so as to help meet the growing sport fish restoration needs that had been identified by the States. The result of that effort, as you know, was the very successful Wallop-Breaux legislation.

In 1984, the last full year under the original program, \$38 million was collected from taxes on the basic fishing items designated under the Dingell-Johnson legislation. From 1950 through 1984, almost \$500 million has been made available under this program for sport fish restoration purposes. In 1985, the first full year of the program, \$122 million was collected. Receipts following the Wallop-Breaux amendments total more than \$424 million from 1985 through 1987.

It is significant that in three years since the passage of the Wallop-Breaux legislation, funding available to the States under the restoration account has nearly matched collections for the previous 34 years.

We have every indication that the States have used these funds to manage more effectively their sport fishing and boating access resources. In 1985, research and surveys accounted for approxi-

mately 64 percent of the program funds. In 1987, this program area was reduced to 40 percent. Funds from development, 18 percent in 1985, were increased to 29 percent; however, when boating access developments were added, this total increased to about 43 percent. Aquatic resource education programs, nonexistent prior to Wallop-Breaux, amount to about 2 percent during 1988.

As far as marine projects are concerned, in 1983, 17 percent of the funds apportioned to coastal States were used to benefit marine anglers. The Wallop-Breaux amendments stipulated that coastal States must allocate their annual apportionments equitably between marine fish projects and freshwater projects, based on the relative number of resident marine anglers and resident freshwater anglers. The result is that marine obligations in 1987 amounted to \$14.9 million, or 23 percent of the funds available to the coastal States.

As far as aquatic resources education, the Wallop-Breaux legislation specifically authorized the States to use up to 10 percent of their appropriations for these activities. In 1987, a total of 25 States allocated \$2.8 million for these purposes. Prior to this, our data show small expenditures. Additional States are developing aquatic education projects, and we expect this effort to increase in the future.

With regard to administrative deductions, in the three years of increased Wallop-Breaux funding, the U.S. Fish and Wildlife Service has been authorized to deduct up to 6 percent for administration of the program. Our deduction has averaged 4.4 percent during this period and was 3.3 percent in 1988.

Besides program delivery services, several important special projects were sponsored with administrative funds. These include the National Hunting and Fishing Survey and the operation of the Fish and Wildlife Library Reference Service.

As far as Fish and Wildlife Service initiatives, in addition to the activities mentioned above, we have undertaken special initiatives to facilitate the administration of the Sport Fish Restoration Program. One of these is a recent agreement that we signed with the U.S. Coast Guard, designed to facilitate administration of the Boat Safety Account and the Sport Fish Restoration Account. Briefly, the Coast Guard will develop boating safety educational materials for the Fish and Wildlife Service, and the Service will provide these opportunities to anglers and hunters and make them available to the States for integration into their education programs.

The Service will assist the Coast Guard by monitoring various boating access projects and compliance obligations stemming from State expenditures from the Boat Safety Account.

Another activity that we have initiated is the new hatchery/fish stocking policy that will facilitate State management of sport fish programs. States may now build, renovate, and improve hatcheries irrespective of whether they will be used for put-and-take or put-grow-and-take fisheries.

In summary, Mr. Chairman, I believe that the program is going exceptionally well and that the States are using the additional funds wisely. I expect that many great strides will be made over the next several years that will result in many more tangible benefits to anglers and boaters.

As you are aware, Mr. Chairman, the Coast Guard has transmitted the Administration's support for the reauthorization of this legislation, and we endorse that position.

I would be glad to answer any questions. Incidentally, attached to my short statement are nine different charts that give a good display of the source of the funds and how the funds are being used.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Lambertson can be found at end of hearing.]

Mr. STUDDS. I'm sure that will be helpful, particularly given the Rube Goldberg nature of this mechanism anyway. The simplest of charts is eye-glazing.

Mr. Kenneth Mead of the General Accounting Office?

STATEMENT OF KENNETH M. MEAD, ASSOCIATE DIRECTOR FOR RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JASON FONG

Mr. MEAD. Yes, Mr. Chairman. I would like to introduce Mr. Jason Fong, on my right, who directed our field work at the request of the subcommittee.

Our testimony today will discuss three main points. The first is that account revenues have increased considerably faster than anticipated. Second, steps are being taken to improve the estimating and apportioning of these revenues to the States; the six States we reviewed used their grants primarily to expand the scope of ongoing projects, and for research and development.

Account revenues were estimated to increase from \$97 million in 1986 to \$114 million in 1989. However, actual growth has been much greater: \$122 million in 1986, to a projected \$195 million in 1989. The growth reflects increased revenues in each of the accounts' revenue sources, but most particularly in the fishing equipment and motor boat fuel excise tax categories.

The Treasury Department's estimates of revenues are important to State apportionments, in effect, how States plan and budget for spending. However, errors in estimating and accounting for revenues resulted in a distorted picture of the amount to be apportioned to the States. For example, the States' final apportionment for fiscal year 1987 was \$140 million. At the beginning of the fiscal year that was estimated to be \$110 million. Treasury has initiated actions to improve internal controls and to make better estimates.

Preliminary estimates of apportionments are made at the beginning of the fiscal year, and Fish and Wildlife Service has a goal of making final apportionment notifications in January of that fiscal year. Timely notification of apportionments will facilitate State planning and budgeting. For the last three fiscal years, however, final notifications of apportionments have occurred in March or April, six months into the fiscal year. The Fish and Wildlife Service, however, is taking steps to accelerate the process for notifying States of their final apportionments.

Also, the split of coastal State apportionments for freshwater and salt water projects could be simplified. At the committee's request

we analyzed an option that would simplify the allocation process and base it on the ratio of freshwater and salt water anglers. Our analysis of this option appears in an attachment to our prepared statement.

With respect to State spending of funding, the six States in our review used their grants primarily to expand the scope of projects started before the trust fund was established. In California, for example, of 23 projects funded in 1987, 12 were started under the previous program.

States primarily were funding research and development projects, and research of course includes such projects as long-term monitoring of fish populations and development includes such projects as boating access, stocking lakes, and improving lakes and streams.

The States in our review also were complying with the requirement that they spend 10 percent or more on boating access, and up to 10 percent on aquatic education. However, during our review work we identified several emerging funding issues that may be of interest to the subcommittee. For the moment, these issues appear isolated to several States, but in the years ahead could become issues that more States will face.

First, we observed some changes in the way several States are meeting the requirement that they spend at least 10 percent of their funds each year on boating access. Fish and Wildlife Service regional officials told us that several States are having difficulties building more boating access sites, and are—or soon will be—saturated. These States are using access funds exclusively to maintain existing sites rather than build new ones.

Second, other questions are raised by the use of boating access funds to build marinas. Fish and Wildlife Service headquarters and one of its regional offices disagree over the extent to which marina projects fulfill the law's objective of providing benefits to the general fishing and boating public. For example, one State project, costing around \$1 million, will accommodate 70 boats ranging in size from 35 to 60 feet, provide cable television wire to each boat slip, and is likely to charge user fees.

Still other questions have been raised regarding the use of user fees. Currently, user fees must be kept within the program; however, Fish and Wildlife Service is considering a change to permit user fees to be used outside the program.

Finally, in the past the Fish and Wildlife Service prepared annual reports that summarized State spending and described State projects. However, the last such report covered fiscal year 1984. We understand the Fish and Wildlife Service plans to resume the practice of issuing annual reports, and we believe this will keep the Congress and others abreast of developments and trends in State spending.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Mead can be found at end of hearing.]

Mr. STUDDS. Thank you, sir.

We seem to have an anomaly here. This is a program that is making money. We keep underestimating how much it's making. If

anybody has any idea about how to transfer that characteristic to other programs, we'd love to know it.

Mr. Lambertson, the GAO suggests that your difficulty in calculating how much money is collected pursuant to the Wallop-Breaux amendments, the so-called "new money," could be solved if the States were directed by Congress to divide all the money for Sport Fish Restoration Programs equitably between fresh and salt water projects. How do you react to their suggestion?

Mr. LAMBERTSON. Mr. Chairman, we're aware of that suggestion. This issue first came up last February. When it came up, we went to the various coastal State agencies and analyzed with them the way the money is currently being split between what we call "old money" and "new money." As you know, the new money has to be allocated between the freshwater and the salt water fishermen.

We have developed an interim administrative measure to allow what we think is a fair split. Before I would agree that we should make a total split of all of those funds, I think we need some more analysis of what exactly would be the implications. There are 22 States involved, and we understand that somewhere between \$9 million and \$10 million would be shifted as a result of that. I think we need to do some kind of analysis with those affected States to see what exactly would be the impact.

Mr. STUDDS. Just how long do you suppose such an analysis might take?

Mr. LAMBERTSON. It would probably take one year for us to get with them, find the impacts, and figure out exactly what would be the best formula.

Mr. STUDDS. It's that complicated?

Mr. LAMBERTSON. Yes, it is. It's very complicated when it comes to the different agencies, what would be a fair allocation, and what would be the implication of splitting the entire pot instead of just the new money pot.

Mr. STUDDS. Mr. Mead, do you want to respond to that?

Mr. MEAD. We have attached to our statement a dollar impact on the different States. I think it's correct to say that there would be a shift of roughly \$9 million to salt water projects. Freshwater projects would continue to receive the bulk of the funding.

The data we used was based on 1980 Fish and Wildlife Service data. Fish and Wildlife Service is now updating that data, and we agree that it would be better to use more updated data.

I would add, though, that the subcommittee may want to consider adopting a formula that is weighted in the ratio of freshwater to salt water anglers, and providing a safety valve clause for States that feel that the implications of an apportionment strictly along those lines would work an injustice or bad effect. As with any formula, there can be inequities.

Mr. STUDDS. All right.

Mr. Lambertson, the GAO also notes that you have proposed to change your requirement that when marinas constructed with these funds charge user fees, the States use those fees for Sport Fish Restoration Programs. If this requirement were eliminated, what could the States use the money for? The GAO has told our staff that you have received objections to this proposed change in

your regional offices. Is that accurate? And if so, what were those objections?

Mr. LAMBERTSON. Yes, Mr. Chairman. OMB has put out a circular intending to give the States, under all grant programs, more latitude with the revenues that they collect from the results of those grant programs. We call that "program income." Historically, we have required that that program income go back into the projects themselves.

The intent of the OMB circular is to allow the States greater flexibility in the concept of New Federalism to say that, "You have the flexibility to use those funds wherever you would like." Of course, some of the State agencies that currently get those user funds back would not like their State to have the latitude to possibly use those funds for other things.

Mr. STUDDS. Did you say the New Federalism?

Mr. LAMBERTSON. Yes.

Mr. STUDDS. That's the one that says that wherever possible authorities ought to vest in the States rather than the Federal Government, right?

Mr. LAMBERTSON. To give the States as much latitude as possible.

Mr. STUDDS. All right. Well, why don't you take whatever circular you found that in and show it to the other part of the Interior Department, called the Minerals Management Service? They seem to think that the Federal Government should make all these decisions with respect to the resources of the OCS. I don't know what happened to the New Federalism in that area, do you?

Mr. LAMBERTSON. I'm not familiar with exactly what they're doing.

Mr. STUDDS. No, I didn't think so.

Mr. LAMBERTSON. Fortunately. [Laughter.]

Mr. STUDDS. When you catch the Secretary of the Interior you might ask him why it applies selectively amongst his departments.

Mr. LAMBERTSON. Well, this is an OMB circular, so it should apply to all departments.

Mr. STUDDS. It certainly should. If you ever catch anybody who looks like he might be from OMB, for God's sake, point that out to him.

What about the objections from your regional offices?

Mr. LAMBERTSON. On this use of funds?

Mr. STUDDS. Yes.

Mr. LAMBERTSON. Well, their feeling—and the feeling of a lot of people—is that if the program itself generated the funds, the program that generated the funds should get the money back and the State shouldn't be given the latitude for some other purpose. That's the basis of the objection.

Mr. STUDDS. Okay

The gentleman from Florida?

Mr. HURTO. Thank you, Mr. Chairman.

Mr. Lambertson, has the Fish and Wildlife Service developed guidelines yet to determine whether marinas should be funded with Sport Fish Restoration Program funds? I'm having a little trouble with the marina project costing more than a million dollars that will accommodate boats up to 60 feet in length and provide cable television capability to each boat slip.

Mr. LAMBERTSON. Mr. Hutto, the boating access portion of the Wallop-Breaux amendments seemed to indicate that the States have broad latitude in providing boating facilities. We have defined guidelines that will allow the States to use those for marinas.

Now, we know that it is probably not in the State's best interest to be developing very expensive marina facilities. When you consider that only 10 percent of these funds are generally going to be used for that purpose, we can't see that it's going to be in the best interest of the State to take that small pot of money and put it into one very expensive facility. I see where that might happen, and I think the intent of Congress was probably to give the States a lot of latitude, but it's not very practical—when you consider all of the boating needs that the States have—to think that they would spend that limited amount of money on a very expensive marina facility.

Mr. HUTTO. Well, would you suggest a tightening up of the rules or regulations on that? How would you deal with something like that? It seems to me that the taxpayer shouldn't be paying for something like that.

Mr. LAMBERTSON. As I indicated, I think the intent of Congress in that case was that the States have a lot of latitude or quite a bit of latitude there on boating access in general.

Mr. HUTTO. Maybe we need to tighten up the law a little bit.

Mr. LAMBERTSON. I've looked at the legislative history on that, and the indications are that the States were to have quite a bit of latitude. We do have some guidelines on it. We encourage the States to develop facilities in areas used primarily by fishing interests, but that's not to the exclusion of other boating interests.

Mr. HUTTO. I noticed that costs for administration of the Sport Fish Restoration Program have more than doubled from \$2.3 million in fiscal year 1984 to \$5.4 million in fiscal year 1988. That's a rather sizeable increase. Would you tell me what we're getting for this extra \$3.1 million?

Mr. LAMBERTSON. Yes, Mr. Hutto. There are two aspects of that.

The program went from basically \$40 million to about \$170 million in a very short period of time. The key thing we did to help administer the program better and to work with the States, was to put on 10 new personnel nationally, so the major portion is that.

We also use a portion of those funds for what we call "administrative projects," projects that would benefit all of the States, rather than requiring the States to develop a large number of grant applications and processing those. We will take the administrative funds and use them for that. The Library Reference Service is probably the best example. We use those administrative funds to help all of the States keep track of what is happening with these projects, and that is through a centralized fund under the Administrative Funds Account.

Mr. HUTTO. I'm glad that we asked GAO to take a closer look at the duties on imported yachts. Through GAO's work it was determined that the program was being short-changed to the tune of \$4 million to \$5 million a year, and I think that it's important that we have done that.

Thank you, Mr. Chairman.

Mr. STUDDS. The Chair notes the presence of the chairman of the full committee, the gentleman from North Carolina.

Mr. JONES. No questions, Mr. Chairman.

Mr. STUDDS. The gentleman from Virginia?

Mr. BATEMAN. No questions, Mr. Chairman.

Mr. STUDDS. The gentleman from New Jersey?

Mr. SAXTON. I have one question, Mr. Chairman.

It occurs to me from listening to the testimony and from other sources of information that the Wallop-Breaux funds are being used less and less for research and survey work and more and more for activities such as stocking, game improvement, lake improvement, those kinds of things. As I understand the objectives of Wallop-Breaux, it's to do those things which provide the most in the way of enhancement for fisheries as one of the major objectives. And I'm wondering if you agree that that shift away from research and survey work to the other types of activities works toward that goal?

Mr. LAMBERTSON. Yes, Mr. Saxton. I think in the early years of both Dingell-Johnson and Wallop-Breaux, the emphasis was on research. There was a tremendous lack of knowledge as far as our fisheries resources were concerned. Now a lot of that basic research has been done and the money can be shifted to implementation of those research results, more into fisheries development, stocking programs, and more direct benefits to the fisherman.

Mr. SAXTON. Has enough research been done to be able to draw conclusions as to what the various problems are that cause a constant diminution of fisheries resources?

Mr. LAMBERTSON. Well, our researchers will tell us that there has never been enough research done.

No, Mr. Saxton, with a number of the important species there are still a lot of things we don't know. But at the same time, a lot of the basic fish cultural research has been done so that now we can very effectively produce fish. But as you know, with striped bass and others, there are still some very big unknowns as far as what's happening to those fish stocks.

Mr. SAXTON. In your opinion has there been enough research done for you to say that probably these are the causes of problems that exist with, as you mentioned, striped bass?

Mr. LAMBERTSON. Yes. We are now to the point where we think we can make educated guesses in most cases.

Mr. SAXTON. Could you make some of those educated guesses for us as to what the problems are, since you mentioned it with striped bass?

Mr. LAMBERTSON. Well, I don't want to portray myself as an expert on that. I'm—

Mr. SAXTON. Could you try to impart whatever knowledge you have to us?

Mr. LAMBERTSON. I can't right now, Mr. Saxton. You should know that a week from Monday I'm going to become the Regional Director in Boston, and that will be one area on which I have responsibility. On Monday morning I have scheduled a briefing on striped bass, hopefully so that I can start answering questions like that. But at the current time, that is not within the area of my expertise.

Mr. SAXTON. But it will be on Monday?

Mr. LAMBERTSON. It will be on Monday. [Laughter.]

Mr. SAXTON. I think we've heard that before, Mr. Chairman.

Mr. STUDDS. In this case, the odds on expertise dawning on someone after arriving in Boston are significantly greater than if they were staying here. [Laughter.]

Mr. STUDDS. You never know.

One thing you will be an expert on fairly quickly, if you're not already, is—you just made reference to the fact that the case of the striped bass is one instance where we don't have sufficient information. I'm sure you're aware of the Administration's request for funding for the Emergency Striped Bass Study.

Mr. LAMBERTSON. Yes, sir.

Mr. STUDDS. Zero. That's a breathtaking response to inadequate information in an emergency.

Mr. SAXTON. May I just request, Mr. Chairman, that since Monday seems to be the rebirth of certain knowledge relative to striped bass, may we be provided with the information that you provided in your conference or whatever on—

Mr. LAMBERTSON. Absolutely. Mr. Saxton, what I'm going to see on Monday, for starts, is the slide show that I believe was presented to this subcommittee about a week ago.

Mr. SAXTON. You'll love it. [Laughter.]

Mr. LAMBERTSON. That will be the first thing, along with some other materials. We're having some of our fisheries experts come in and we're going to have about a three-hour session. But I would be glad to make that material available.

[The following material was received and retained in the files of the subcommittee:]

Paper by C. Phillip Goodyear entitled "Measuring Effects of Contaminant Stress on Fish Populations," published 1984 by American Society for Testing and Materials.

Paper by C. Phillip Goodyear, Joel E. Cohen, and Sigurd W. Christensen entitled "Maryland Striped Bass: Recruitment Declining Below Replacement," published 1985 in *Transactions of the American Fisheries Society*.

Paper by C. Phillip Goodyear entitled "Toxic Materials, Fishing, and Environmental Variation: Simulated Effects on Striped Bass Population Trends," published 1985 in *Transactions of the American Fisheries Society*.

Paper by Lenwood W. Hall, Jr., entitled "Acidification Effects on Larval Striped Bass, *Morone saxatilis* in Chesapeake Bay Tributaries: A Review," published 1987 in *Water, Air, and Soil Pollution*.

Paper by Lenwood W. Hall, Jr., W. Scott Hall, Steven J. Bushong and Roger L. Herman entitled "In situ striped bass (*Morone saxatilis*) contaminant and water quality studies in the Potomac River," published 1987 in *Aquatic Toxicology*.

Paper entitled "Contaminants and Striped Bass—Proposed Research Plan for FY 1988."

Paper by Lenwood W. Hall, Jr., Alfred E. Pinkney, Larry O. Horseman and Susan E. Finger entitled "Mortality of Striped Bass Larvae in Relation to Contaminants and Water Quality in a Chesapeake Bay Tributary," published 1985 in *Transactions of the American Fisheries Society*.

Paper by Lenwood W. Hall, Jr., Alfred E. Pinkney, Roger L. Herman and Susan E. Finger entitled "Survival of Striped Bass Larvae and Yearlings in Relation to Contaminants and Water Quality in the Upper Chesapeake Bay," published 1987 in *Archives of Environmental Contamination and Toxicology*.

Report by Lenwood W. Hall, Jr., W. Scott Hall and Steven J. Bushong entitled "In Situ Investigations for Assessing Striped Bass, *Morone saxatilis*, Prolarval and Yearling Survival as Related to Contaminants and Water Quality Parameters in the Potomac River—Contaminant and Water Quality Evaluations in East Coast Striped Bass Habitats," published 1986 by The John Hopkins University.

Report by Lenwood W. Hall, Jr., entitled "'In Situ' Investigations for Assessing Striped Bass, *Morone saxatilis*, Larval and Yearling Survival as Related to Contaminants and Changes in Water Quality Parameters—Contaminant and Water Quality Evaluations in East Coast Striped Bass Habitats," published 1985 by The Johns Hopkins University.

Report by Lenwood W. Hall, Jr., Steven J. Bushong, Michael C. Ziegenfuss and W. Scott Hall entitled "Mobile On-Site and In Situ Striped Bass Contaminant Studies in the Choptank River and Upper Chesapeake Bay—Annual Contaminant and Water Quality Evaluations in East Striped Bass Habitats," published 1987 by The Johns Hopkins University.

Mr. SAXTON. May I just remark, I think you probably have noticed that you touched kind of a ticklish spot with me when you mentioned striped bass. The conclusions that were drawn for us the other day, that there are two general types of problems with the striped bass population—one is "overtaking," "overfishing," if you will, or "overharvesting," and the other is that there is a problem with reproduction because of contaminated waters and pollution.

I guess the question that I have is, very basically, if there were not a problem within the natural hatcheries in the estuaries and where the striped bass spawn, then would it not follow that the overtaking problem would not be so severe? In other words, isn't the fact that we have a problem with striped bass reproducing the basic problem, and not so much the overharvesting problem? That's the basic question, I think.

Mr. LAMBERTSON. Sure.

Mr. SAXTON. And if you draw the conclusion that it is an environmental problem, then shouldn't our efforts be geared in that direction?

I know you're not an expert today, but I hope that on Monday you will consider what I believe—and I believe that other members of this committee believe, as well—to be the underlying problem.

Mr. LAMBERTSON. Well, Mr. Saxton, I'd just like to say that I am not an expert on striped bass, but it is a basic tenet of fish and wildlife management that if you have adequate habitat and production, that the control of the take is not that serious a matter. It's only when you get into problems with natural production and habitat that take also starts to exhibit itself.

Mr. SAXTON. Thank you very much.

Mr. STUDDS. Your timing is exquisite. If you are going to Boston on Monday, you may witness both the beginning and the end of spring. [Laughter.]

Mr. STUDDS. The gentleman from California?

Mr. HERGER. No questions, Mr. Chairman.

Mr. STUDDS. Okay. We thank you very much.

We will go to our second panel of witnesses.

As I understand it, although four people are coming to the table, we will have one person speaking on behalf of the four, Mr. Derrick Crandall, President of the American League of Anglers and Boaters, accompanied by folks from a variety of organizations.

Mr. Crandall, I understand that you, too, have agreed to do your best to respect the five-minute oral presentation rule. Welcome. Welcome to you all.

STATEMENT OF DERRICK A. CRANDALL, PRESIDENT, AMERICAN LEAGUE OF ANGLERS AND BOATERS, ACCOMPANIED BY STEVE MOYER, LEGISLATIVE REPRESENTATIVE FOR FISHERIES, NATIONAL WILDLIFE FEDERATION; HERBERT E. DOIG, ASSISTANT COMMISSIONER FOR FISH, WILDLIFE AND MARINE RESOURCES, NEW YORK DEPARTMENT OF ENVIRONMENTAL CONSERVATION; AND KEITH WILSON, PRESIDENT, STATES ORGANIZATION FOR BOATING ACCESS

Mr. CRANDALL. Thank you, Mr. Chairman. It is certainly a great opportunity to be here and to talk about one of the most important pieces of conservation and recreation legislation passed in several decades. Certainly, that arose because of the strong and bipartisan support of this panel. We are proud, on behalf of the important national fishing and boating advocacy organizations to appear before you here today and tell you that the Wallop-Breaux fund is working well.

We are here to tell you something that you already know, that the Nation's tens of millions of anglers and boaters are very willing to pay for the programs which deliver to them safety and enjoyability through special taxes and other kinds of fees, providing those fees and taxes are used wisely for resource management, for safety education and enforcement, and for improved access to public waters.

Since the creation of the fund, the American League of Anglers and Boaters has been vigorous in its championship and defense of the program. ALAB members have worked with these subcommittees to beat back three proposed raids of the trust fund, and are now poised to look toward the 1990s for continued growth and continued good work by the fund.

Our position on the reauthorization is based on a careful analysis of both boater and angler needs, and that unified position is reflected in the legislation introduced by Chairman Jones earlier this year with the strong assistance and support of Representative Davis. H.R. 3819 is that legislation. We are delighted to support that enthusiastically, with one change, as we indicated in our letter to Chairman Jones earlier this week. Our position is as follows.

We support legislation which amends the original authorization limitation on the Boat Safety Account. We support an authorization of \$60 million per annum for fiscal years 1989 and 1990, rising to \$70 million for fiscal years 1991 to 1993. The higher limits reflect actual and anticipated increases in Federal motor boat fuel taxes which will be credited to the fund, as well as expanded needs for active State boating safety programs.

We also support the provision of H.R. 3918 regarding distribution of available funds among the States and the U.S. Coast Guard. Specifically, that provision allows the Coast Guard to expend monies equal to those provided as matching grants to the States for State boating safety programs.

We also support the provision that specifically provides that contributions of funds, real estate, materials, and services by private interests may be utilized by the States to match the available Federal monies.

The unified ALAB position goes beyond those provisions. We endorse the retention of the 10 percent setaside of the Sport Fish Restoration Account for increases in boating access. We also support the authorization to use funds from this account to conduct aquatic resources education programs.

We ask the Congress' help in ensuring that a portion of the monies available to the Coast Guard and the Department of Interior are used for administration of a regular survey of boating activity and boating needs to compliment the National Hunting and Fishing Survey. Particularly, we are interested in deriving better information on Federal and State motor boat gasoline excise tax data on a State-by-State basis. We recognize that the Chairman also has an interest in this and has made repeated efforts to find good numbers in this area.

We think it is particularly important to collect on a State-by-State basis because State fuel tax receipts attributable to boating are approximately twice the amount collected in Federal tax.

We further support periodic national gatherings of angling, boating, and appropriate Government representatives to discuss the long-range objectives of the Aquatic Resources Trust Fund, funded in part by the monies made available for the administration of the program. This ALAB position has been endorsed by all members of the American League of Anglers and Boaters. Those members are listed in my testimony; Mr. Chairman, I will not read them, but I think you will agree that it is an impressive and very diverse group of organizations and companies.

Mr. Chairman, we certainly appreciate the interest shown by the Committee on Merchant Marine and Fisheries and by each of the individual members in a wise investment of the boater- and angler-paid specialty taxes which fuel the Aquatic Resources Trust Fund. Your active support has helped to improve the accounting of receipts to the fund and made dramatic increases possible in the quality and safety of boating and fishing. We look forward to further progress together during the reauthorization period provided under H.R. 3918.

Mr. Chairman, I would also comment on the amendment to H.R. 3918 which has been offered, just as a technicality. In there, the study to be conducted on boater fuel taxes is to be reported by the Secretary of Transportation. It is the judgment of the members of the American League of Anglers and Boaters that assigning that responsibility to the Secretary of the Interior would make much sense. The reality is that the Secretary of the Interior already conducts several studies of similar character. We feel that that would be the department capable of responding in a timely fashion to the direction provided by this amendment.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Crandall can be found at end of hearing.]

Mr. STUDDS. We will stay off the subject of the caliber of the studies done by the Secretary of the Interior for the moment, if you don't mind.

I want to ask you one of the questions I asked Mr. Lambertson, and that is the old money-new money question and the recommendation of the GAO that the States might be directed to divide that

money equitably between fresh and salt water programs. What is your reaction and the reaction of the folks that you are speaking for to that proposal?

Mr. CRANDALL. Mr. Chairman, the American League of Anglers and Boaters has no position on that. The suggestion by Mr. Lambertson for further consideration of that would give us time to develop a consensus position. We do not have that consensus position at this time.

Mr. STUDDS. Okay.

As you know, 6 percent of the Sport Fish Restoration funds are allocated by law for the administration of the Sport Fish Restoration Program by the Fish and Wildlife Service. The law appears to prohibit the use of these funds for other service programs benefiting sport fisheries. Would you be supportive of a change in the law that would make those funds available for other programs within the Fish and Wildlife Service?

Mr. CRANDALL. Mr. Chairman, a proposal similar to that was offered by the Administration as part of its budget package for fiscal year 1987, I believe, and at that time the American League of Anglers and Boaters took strong exception to that proposal.

Mr. STUDDS. Why, do you remember? Notwithstanding its source, that doesn't automatically mean that it's a bad idea.

Mr. CRANDALL. We simply believe that the language in the 1984 legislation that created the Aquatic Resources Trust Fund constituted an agreement to apply specialty taxes to the Nation's anglers and boaters, and to return those through matching grants to the States for enhancement of boating and fishing. We believe that that commitment that was developed in 1984 should remain.

Mr. STUDDS. Staff has just reminded me that the proposal of the Administration at that time was to make the money available to all Fish and Wildlife Service programs. We opposed that ourselves. We share that. There might be something better to be done with it, but we'll take a look at that.

The gentleman from Florida?

Mr. HUTTO. No questions, Mr. Chairman, just to thank the gentleman, Mr. Crandall, and his organization for working with us.

Mr. STUDDS. Thank you.

The gentleman from North Carolina?

Mr. JONES. No questions.

Mr. STUDDS. The gentleman from Virginia?

Mr. BATEMAN. No questions, Mr. Chairman.

Mr. STUDDS. The gentleman from New Jersey?

Mr. SAXTON. No questions.

Mr. STUDDS. The gentleman from California?

Mr. SAXTON. You might get some answers before Monday.

Mr. HERGER. No questions.

Mr. STUDDS. You have exceptionally good fortune. Everyone is in a very good mood today and there are no tough questions. There aren't even any easy questions, as a matter of fact.

We thank you. Obviously you are speaking for a consensus that has made our work a good deal easier, and we appreciate that. We thank you all.

[Whereupon, the subcommittees proceeded to a markup session.]

[The following was submitted for the record:]

TESTIMONY OF RONALD E. LAMBERTSON, ASSISTANT DIRECTOR FOR FISH AND WILDLIFE ENHANCEMENT, U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR, BEFORE THE HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE, SUBCOMMITTEE ON FISHERIES AND WILDLIFE CONSERVATION AND THE ENVIRONMENT, ON THE SPORT FISH RESTORATION ACCOUNT OF THE AQUATIC RESOURCES TRUST FUND

MAY 12, 1988

Mr. Chairman and members of the Subcommittee, thank you for this opportunity to address the Committee on the Sport Fish Restoration Program. This is one of the most highly successful and popular user pay programs administered by the Service. As you know, the program began in 1951 with passage of the "Dingell-Johnson" legislation. That law imposed an excise tax on rods, reels, creels, and artificial baits, lures and flies. In addition, it provided a formula by which the receipts are returned to all of the states on a 75% Federal/25% State share basis. The success of the program had its foundation in the fact that those who were to pay the taxes developed the idea. It was with this same spirit that anglers, boaters, and manufacturers came together in 1984 and agreed to expand the program so as to help meet the growing sport fish restoration needs that had been identified by the States. The result of that effort was enactment of the Wallop-Breaux legislation.

In 1984, the last full year under the original program, \$38 million was collected from taxes on the basic fishing tackle items designated by the Dingell-Johnson legislation. From 1950 through 1984, almost \$500 million was made available under this program for sport fish restoration purposes. In 1985, the first full year under the new program, \$122 million was collected. Receipts following the Wallop-Breaux amendments totaled more than \$424 million from 1985-1987. It is significant that in 3 years since the passage of Wallop-Breaux, funding available to States under the Sport Fish Restoration Account has nearly matched collections during the previous 34 years.

How have States used these funds and have they been used wisely?

We have every indication that States have used these funds to manage more effectively their sport fishery and boating access resources. In 1985, research and surveys accounted for approximately 64% (\$24.5 million) of program funds. In 1987, this program area was reduced to 40% (\$54.3 million). Funds for development, 18% (\$6.9 million) in 1985, was increased to 29% (\$39.9 million). However, when boating access developments (\$19.0 million) are added, this total increases to about 43%. Aquatic resource education programs, non-existent prior to Wallop-Breaux, amounted to 2% (\$2.7 million) of the funding in 1988.

Marine Projects. In 1983, 17.7% (\$3.25 million) of funds apportioned to coastal States were used to benefit marine anglers. The Wallop-Breaux amendments stipulated that coastal States must allocate their annual apportionments equitably between marine fish projects and freshwater fish projects, based on the relative number of resident marine anglers and resident freshwater anglers. The result of that provision is that marine obligations in 1987 amounted to \$14.9 million or 23% of funds available to coastal States.

Aquatic Resources Education. The Wallop-Breaux legislation specifically authorized the States to use up to 10% of their annual apportionment for these activities. In 1987, a total of 25 States allocated \$2.8 million. Prior to this, our data show negligible expenditures. Additional States are developing aquatic education projects and we expect this effort to increase over the next several years.

Administrative Deduction. In the three years of increased Wallop-Breaux funding, the U.S. Fish and Wildlife Service has been authorized to deduct up to 6% for administration. Our deduction has averaged 4.4% during this period. The Service deducted 3.3% in 1988.

Service Initiatives. In addition to the activities mentioned above, the Service has undertaken several initiatives to facilitate administration of the Sport Fish Restoration program:

Logo Development. The Service, with the support and endorsement of several outside interest groups, has developed a logo that will be used by program participants (State, Federal and manufacturers) to increase the public's awareness of how the program works and how their funds are being invested. These logos or symbols may be used on products producing the taxes and on the facilities developed with the proceeds.

Regulation Promulgation. The Service has issued regulations that implement the unique aspects of the Wallop-Breaux amendments. Specifically, a regulation that precludes States from supplanting additional funds they are receiving from the Sport Fish Restoration program has been highly successful. In fact, most States have actually increased their funding level of sport fish programs.

U.S. Coast Guard Agreement. In order to facilitate administration of the Boating Safety Account and the Sport Fish Restoration Account of the Aquatic Resources Trust Fund, the Service and the U.S. Coast Guard have signed a Memorandum of Understanding. Briefly, the Coast Guard will develop boating safety educational materials that the Service, in an effort to provide safer boating opportunities to anglers and hunters, can make available to States for possible integration into their aquatic education and hunter education

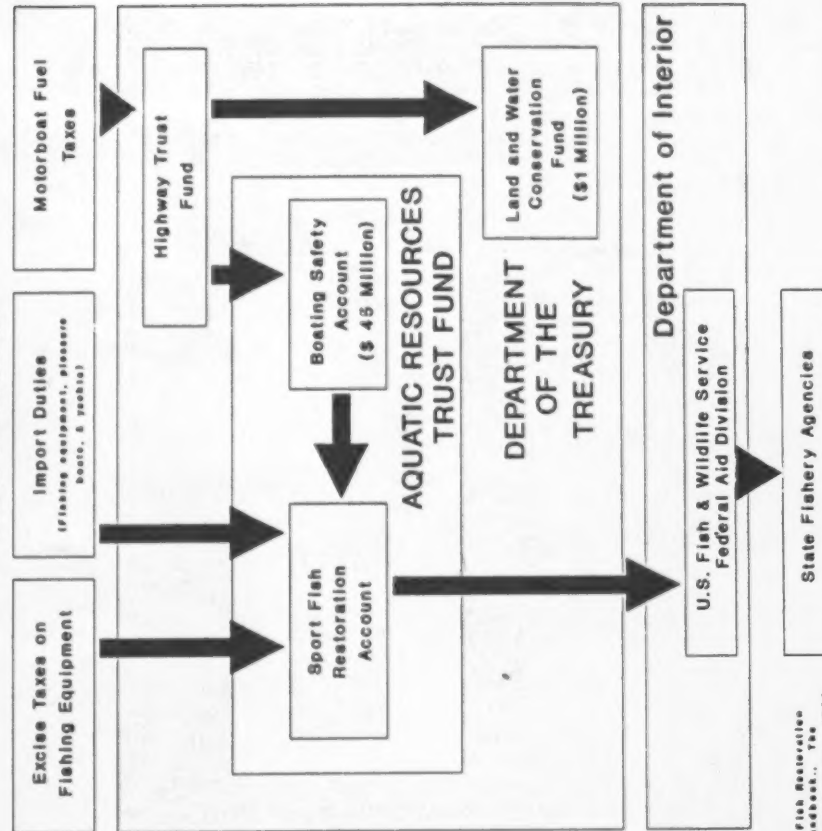
programs. The Service will assist the Coast Guard by monitoring various boating access projects and compliance obligations stemming from State expenditures from the Boating Safety Account.

Hatchery/Fish Stocking Policy. The Service has implemented a more reasonable hatchery development and fish stocking policy in an effort to facilitate for States the management of their sport fish programs. States may now build, renovate or improve hatcheries irrespective of whether they will be used for put and take or put grow and take fisheries.

In summary, I believe that the program is going exceptionally well and that the States are using the additional funds wisely to manage their sport fish resources. I expect that many great strides will be made over the next several years that will result in many more tangible benefits to anglers and boaters. As you are aware, Mr. Chairman, the U.S. Coast Guard has transmitted the Administration's support for the reauthorization of the Boating Safety Account. We endorse that position.

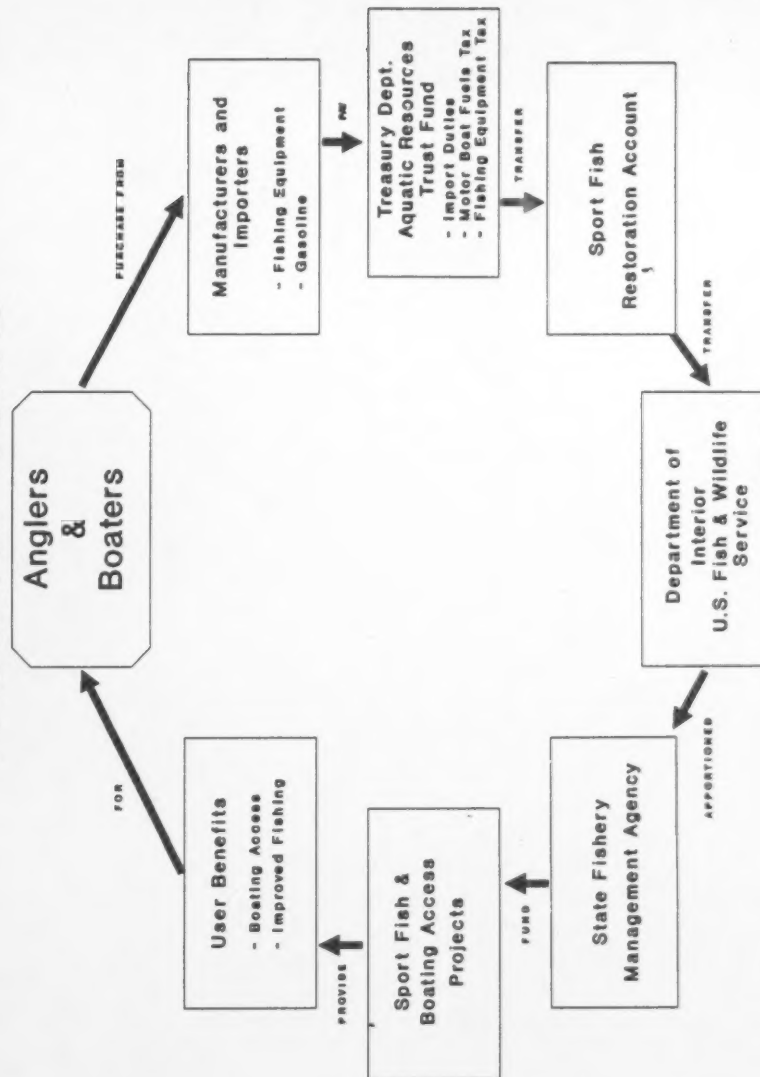
I would be glad to answer any questions you or other members of the Committee may have.

AQUATIC RESOURCES TRUST FUND: How It Works



Source: The Sport Fish Restoration Program Handbook, The Sport Fishing Institute, 1987.

HOW THE SPORT FISH RESTORATION PROGRAM WORKS

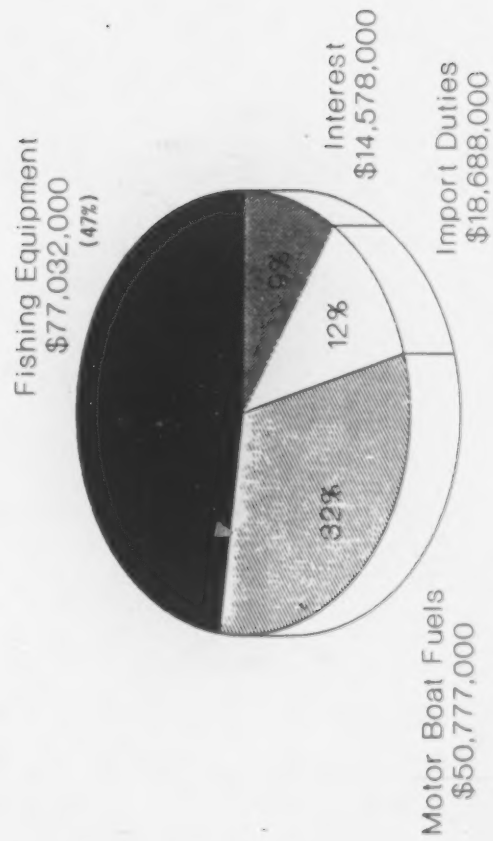


TAX COLLECTIONS/SOURCES OF REVENUE

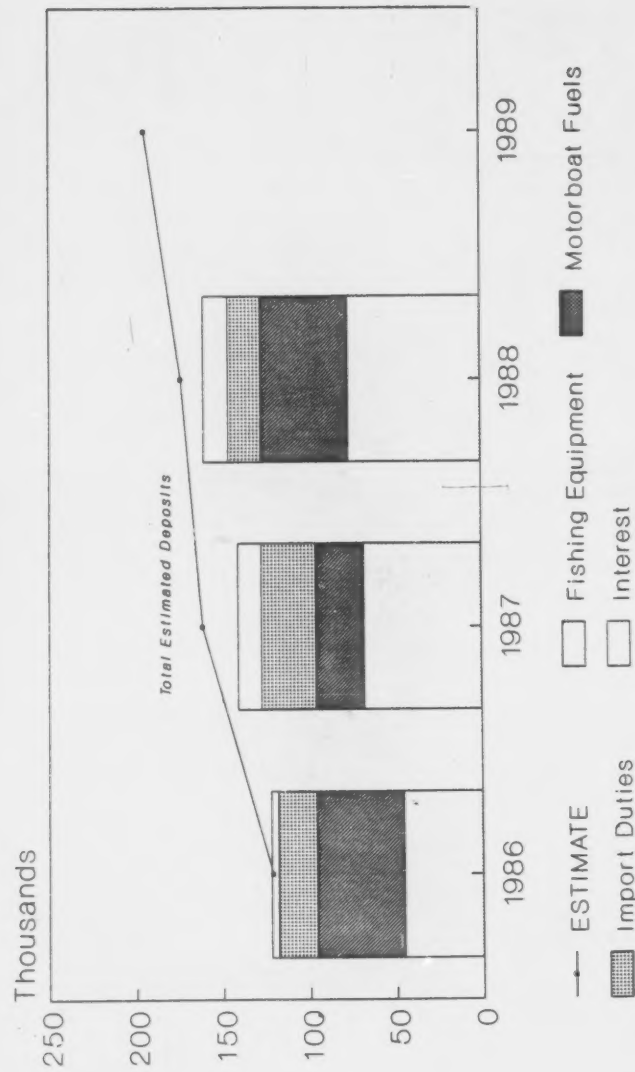
	Actual 1985	(\$ in Thousands)		Actual 1988	Estimate 1989
		Actual 1986	Actual 1987		
<u>SPORT FISH RESTORATION FUNDS</u>					
Excise Taxes:					
Fishing Tackle & Equipment	38,086	43,842	65,684	74,894	77,060
Trolling Motors & Fishfinders	N/A	1,600	2,295	2,138	2,757
Gasoline Used in Motorboats	N/A	50,352	28,165	50,775	63,900
Previously Unreported	-	-	-	-	10,600
Import Duties on Fishing Equipment and Pleasure Boats	N/A	22,495	31,294	18,688	21,443
Interest on Investments	N/A	3,878	13,578	14,578	19,000
Total	38,086	122,167	141,016	161,073	194,760

* These figures represent funds available for apportionment to States. Actually, they are collections from the previous year. For example, the \$38,086,000 for 1985 were tax collections deposited in the U. S. Treasury during 1984. These funds were made available to States in 1985.

Sources of Sportfish Restoration Funds Fiscal Year 1988



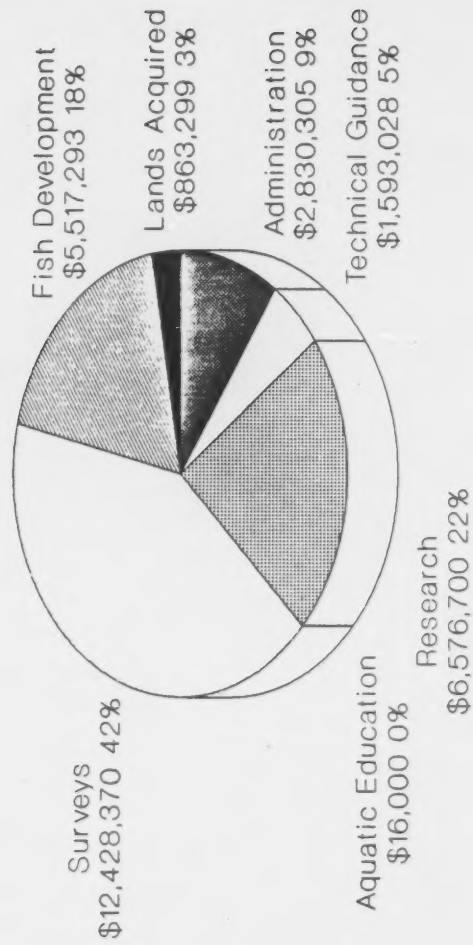
SPORT FISH RESTORATION ACCOUNT DEPOSITS COMPARED TO ESTIMATES



Collections are made in the year preceeding apportionment to States. Figures represented above were actually collected the year before. The year depicted above represents the year the funds were apportioned to States.

Sport Fish Restoration Obligations

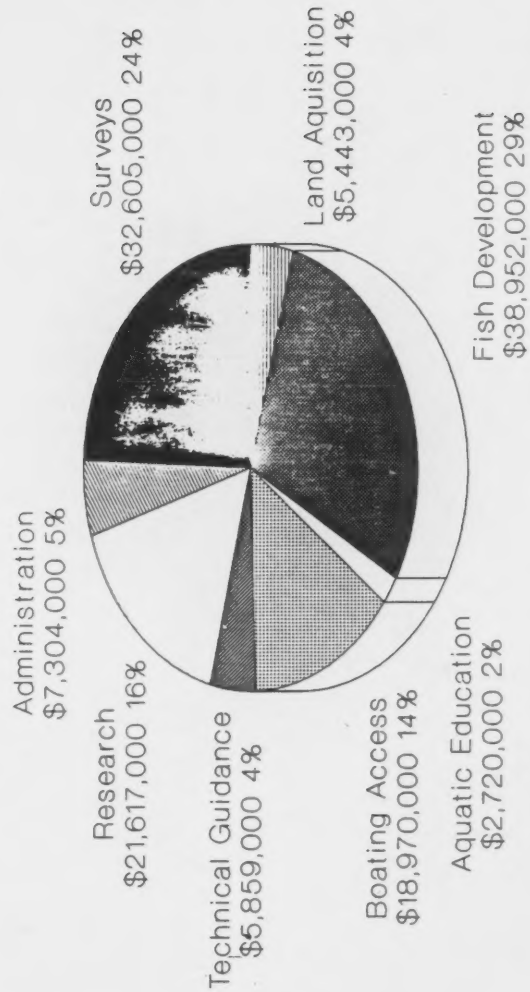
Fiscal Year 1985



Development, operations and maintenance are included in Boating Access and Sport Fish categories.

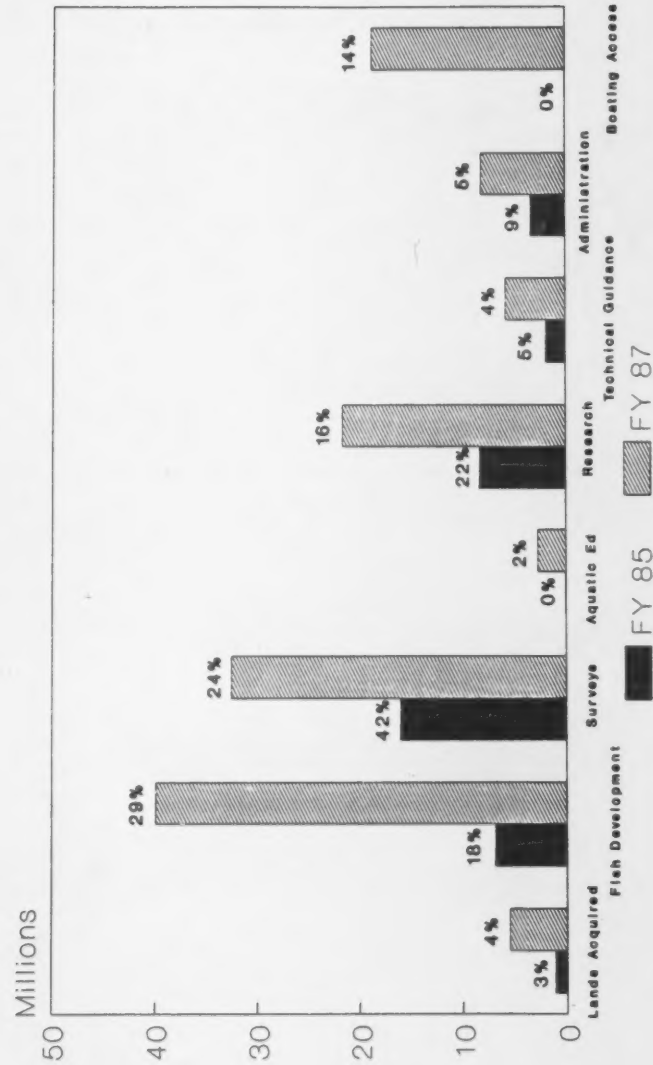
Sport Fish Restoration Obligations

Fiscal Year 1987



Development, operations and maintenance are included in Boating Access and Sport Fish categories.

Sport Fish Restoration Obligations **Comparison of Fiscal Years 1985 and 1987**



DEDUCTIONS FOR ADMINISTRATION OF THE SPORTFISH RESTORATION PROGRAM

FISCAL YEAR	AMOUNT	PERCENTAGE OF TOTAL APPORTIONMENT
1952-1967	\$4,750,857	-
1968	\$ 493,513	5.0
1969	\$ 383,299	4.2
1970	\$ 573,719	4.8
1971	\$ 819,091	5.3
1972	\$ 868,045	6.1
1973	\$ 922,667	7.1
1974	\$ 903,348	5.9
1975	\$1,338,692	7.4
1976	\$1,694,197	7.7
1977	\$1,784,610	6.7
1978	\$2,031,887	7.7
1979	\$1,369,505	4.8
1980	\$2,417,772	7.9
1981	\$2,690,051	8.0
1982	\$1,973,626	6.2
1983	\$2,201,798	6.3
1984	\$2,325,466	5.9
1985	\$3,025,995	7.9
1986	\$7,267,328	5.9
1987	\$5,855,884	4.2
1988	\$5,373,398	3.3

GAO

United States General Accounting Office

Testimony

For Release
on Delivery
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2:00 p.m. EST
Thursday
May 12, 1988

Sport Fish Restoration Account

Statement of
Kenneth M. Mead, Associate Director
Resources, Community, and Economic
Development Division

Before the
House Subcommittee on Fisheries and Wildlife
Conservation and the Environment
Subcommittee on Coast Guard and Navigation



GAO/T-RCED-88-42

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to testify about our recent work on the Sport Fish Restoration Account of the Aquatic Resources Trust Fund. This account, which is administered by the Department of Interior's Fish and Wildlife Service (FWS), provides funding for state sport fish restoration and development programs.

In response to your requests, we evaluated how Sport Fish Restoration Account revenues have grown, how these revenues have been estimated and accounted for, and how states have spent available funding. In our earlier testimony on the Boat Safety Account of the trust fund, we discussed the proposal to increase the amount of funding to this account as set forth in H.R. 3918.¹

Our testimony today will discuss three main points: (1) Sport Fish Restoration Account revenues have increased faster than anticipated, (2) the Treasury Department and the FWS are taking steps to improve the estimating, accounting, and apportioning of these revenues, and (3) the six states we reviewed use their grants primarily to expand the scope of ongoing projects and for research and development.

¹H.R. 3918, a bill to reauthorize expenditures for boating safety programs and for other purposes, would raise the ceiling on transfers of motorboat fuel revenues to the Boat Safety Account from \$45 million to \$60 million. Additional revenues over the ceiling go to the Sport Fish Restoration Account.

SPORT FISH RESTORATION ACCOUNT

The Aquatic Resources Trust Fund, commonly known as the Wallop-Breaux Trust Fund, provided additional funding for sport fish restoration and boating safety programs. Before the trust fund was established, the sport fish program was funded only by excise taxes on certain fishing equipment items.

Under the trust fund, the sport fish program receives funds equivalent to prior year receipts from (1) excise taxes on sport fishing equipment and gasoline used in motorboats and (2) import duties on sport fishing equipment, pleasure boats, and yachts. Up to \$45 million a year of motorboat fuel excise tax revenue is allocated to the Boat Safety Account. The Sport Fish Restoration Account generally receives any amounts in excess of the \$45 million along with excise tax revenues from sport fishing equipment and the import duties.

The Treasury Department is responsible for estimating and accounting for program revenues and notifying FWS of the amounts available to be apportioned to the states. Treasury also invests trust fund revenues, and interest earned by such investments is credited to the fund.

Interior's Fish and Wildlife Service administers the program by apportioning Wallop-Breaux funds to the states and reviewing and approving state proposals for projects.² (See attachment I for 1986-88 apportionments.) States generally have wide latitude in

²FWS apportions account funding to the 50 states plus Puerto Rico, Guam, American Samoa, the Northern Mariana Islands, the Virgin Islands, and the District of Columbia.

selecting sport fish restoration, management, or enhancement projects to be funded. However, they must supply 25 percent of all project funding and obligate funding within 2 years of receipt of apportionment. Each state also is required to spend at least 10 percent on boating access sites and may spend up to 10 percent on aquatic resources education. In addition, coastal states must equitably divide a portion of Wallop-Breaux funding between freshwater and saltwater projects.

In doing our work, we obtained information from the Internal Revenue Service, U.S. Customs Service, the U.S. Treasury Department and FWS. In addition, we contacted officials in six states--California, Maryland, Minnesota, Nebraska, New York, and Virginia--to determine how they spend sport fish funding. We selected these states, as agreed with Committee staff, because they represent a range of geographic locations, program sizes, and other factors. However, activities in these states may not be representative of activities in all participating states. Unless otherwise stated, the years cited in this statement are federal fiscal years and amounts used are rounded to the nearest million dollars.

GROWTH OF SPORT FISH RESTORATION ACCOUNT REVENUES

Sport Fish Restoration Account revenues have grown considerably faster than projected. When the trust fund was established, the Treasury Department estimated that account revenues would increase from \$97 million in 1986 to \$114 million in 1989. Actual revenues have been much greater--\$122 million in 1986

and a projected \$165 million in 1989.³ Treasury estimates that the total will reach \$199 million in 1993. (See attachments II-IV for details.)

The increase in revenues reflects increases in each of the individual sources. Fishing equipment excise taxes are one of the largest sources. The Wallop-Breaux amendments expanded the list of fishing equipment items subject to the excise tax and imposed a new tax on electric outboard motors and sonar fishfinders. Fishing equipment tax revenues grew from about \$38 million in 1985 (before the trust fund was established) to \$75 million in 1988.

Motorboat fuel excise tax revenues also have increased more than expected. Treasury is required to estimate what percentage of gasoline sold is used by motorboats and to transfer that percentage of gasoline excise tax revenues into the fund. When the trust fund was established, Treasury estimated that motorboat fuel revenues for 1986-88 would be \$65 million a year. At these levels, the first \$45 million, or about two-thirds of the total amount, was expected to go to the Boat Safety Account and the remaining \$20 million, or one-third, to the Sport Fish Restoration Account.

For 1987, however, Treasury revised its methodology for estimating motorboat fuel consumption.⁴ As a result, 1987

³The 1989 projection does not include \$19 million of estimated interest and \$11 million for previously unreported revenues which would bring the total amount to \$195 million. Treasury did not estimate interest earnings beyond 1989.

⁴Tax Policy: Allocating Motorboat Fuel Excise Taxes to the Aquatic Resources Trust Fund (GAO/GGD-87-43BR, June 1987).

motorboat fuel revenues increased to \$98 million, and the Sport Fish Restoration Account received \$53 million, or 54 percent of the total. Treasury projects that motorboat fuel tax receipts will reach \$124 million in 1992.

Receipts from import duties on fishing equipment and pleasure boats also have increased, and the account's investments have grown to \$299 million at the end of 1987 earning interest of \$14 million in 1987.

TREASURY DEPARTMENT ESTIMATING AND ACCOUNTING OF REVENUES

The law requires that the Treasury Department make monthly estimates of excise tax and import duty receipts to be deposited in the trust fund. Treasury later adjusts the fund's balance if actual receipts differ from estimated amounts. Based on Treasury's estimates of revenues collected during the previous fiscal year, FWS provides the states a preliminary apportionment estimate at the beginning of the fiscal year. Once actual receipts for the prior fiscal year are known, FWS makes a final apportionment.

Because Treasury's estimates are important to state apportionments and affect how states plan and budget for spending, it is important that estimates are reasonably close to actual collections, are properly accounted for, and adjusted correctly. However, Treasury made errors in 1985 and 1986 in estimating and accounting for revenues. This resulted in a distorted picture of amounts to be apportioned to the states and raised concerns about the reliability of revenue projections.

For example, Treasury estimated fishing equipment revenue collections for the January-March quarter of 1986 at \$11 million, but IRS reported that actual collections were \$22 million. Treasury also overestimated 1985 and 1986 import duty revenues, requiring \$28 million to be deducted from the trust fund. In addition, Treasury made errors in accounting for and recording certain 1986 transfers and adjustments. For example, for one month, Treasury needed to deduct \$14 million from the import duty balance to adjust for earlier overestimation of import duties. Treasury instead deducted that amount from the fishing equipment tax receipt balance.

Treasury identified 1985 and 1986 estimating and accounting errors and subsequently adjusted trust fund balances. However, fluctuations in revenues as a result of Treasury's errors, and the large adjustments that were required to correct the errors, affected estimates of apportionments to the states. For example, based on revenue data Treasury provided to FWS in August 1986, FWS estimated the preliminary apportionment to the states would be \$110 million. However, year-end Treasury data later provided to FWS showed the final apportionment would be \$140 million. State officials told us the wide discrepancy between preliminary and final 1987 apportionments affected their ability to plan and budget.

Treasury officials identified fewer estimating or recording errors in 1987. However, they acknowledge that tighter internal controls are necessary. Treasury has initiated actions to improve

its controls, such as preparing written standard operating procedures for correctly recording and accounting of revenue. In addition, Treasury officials told us they are resuming discussions, started in 1986, with the Customs Service to reach agreement on obtaining certified monthly collections of import duties for fishing equipment and pleasure craft. Treasury officials believe these steps plus additional experience in estimating fund revenues will yield improvements and help FWS make better apportionments.

FISH AND WILDLIFE SERVICE APPORTIONMENTS

FWS has taken steps to accelerate the process for notifying states of their apportionments. FWS established a goal of notifying states of their fiscal year apportionments by January 31st. However, final 1986 and 1987 apportionments were not provided to the states until March 16, 1986, and April 3, 1987, respectively. According to state officials, the lateness and uncertainty of apportionments affected state planning and budgeting. Even though FWS prepared new internal procedures to expedite approval of apportionments, states were not notified of their 1988 apportionments until March 15, 1988. FWS officials told us that the expedited approval process worked as planned, but that notification was held up due to (1) delays by Treasury in providing year-end data to all trust funds that year, and (2) delays in obtaining approval of a new FWS formula for calculating apportionments for the coastal states.

On this latter point, FWS follows a complicated process to separately calculate (1) the part of apportionments attributable to

revenues from "old" items taxed before the trust fund was established and (2) the portion of apportionments derived from "new" items taxed after the fund was established. Coastal states must equitably divide the new items' portion of their funding between freshwater and saltwater projects. Some coastal states have raised concerns about FWS' estimates and FWS agrees that a change in the formula is needed to simplify the allocation of coastal state apportionments for freshwater and saltwater spending.

At the request of the Committee, we analyzed an option that would simplify the allocation process by allocating entire apportionments on the number of freshwater and saltwater anglers within a state rather than on revenues attributable to old and new taxes. A change in the law would be required to implement this option. Using the most recent FWS data on 1980 ratios of freshwater and saltwater anglers for coastal states, we estimate that the amount available for freshwater projects for all coastal states would decline \$9 million from the current method of allocating funding, while the amount for saltwater projects would increase by the same amount. The total size of apportionments for each state, however, would not change. (Attachment V provides further details.) FWS will soon be obtaining more current ratio data. The Subcommittee should find this information useful in determining the current impact on state spending on freshwater and saltwater projects.

STATE SPENDING OF SPORT FISH RESTORATION ACCOUNT FUNDING

We found that the six states in our review have used their grants primarily to expand the scope of projects started before Wallop-Breaux. The majority of both existing and new projects are research and development projects. Three of the six states--California, Maryland, and Virginia--have obligated a significant part of their funding to research activities, such as projects involving long-term monitoring of fish populations. Also, states have devoted a substantial amount to development activities, with Minnesota, Nebraska, and New York obligating a majority of their funding to development. Development activities include stocking lakes, boating access, and improving lakes and streams. (See attachment VI for 1987 obligations by purpose for the six states.)

Regarding spending requirements for boating access and aquatic education, the six states were obligating 10 percent or more, as required, for boating access and three states were obligating money to aquatic education projects within the 10-percent limit. However, we found that there have been changes in spending patterns for boating access. Although states must spend at least 10 percent to construct, renovate, or maintain boating access sites, regional FWS officials said that some states--such as Delaware--are or will soon become "saturated" with boating access sites because they cannot construct any more new boating access sites. Such states are therefore spending their boating access funds entirely to maintain existing sites. FWS officials in one regional office told

us that the 10 percent requirement should be eliminated, while officials in two other regions said there could be more flexibility in the boating access spending requirements.

In addition, questions have been raised about using boating access funding to build marinas. While a broad range of access facilities and associated amenities qualify for funding, FWS criteria specify that projects must benefit the general fishing and boating public. FWS headquarters and one regional office disagree whether all marinas should be considered to provide benefits to the general fishing and boating public, and on the need for more specific guidance. One example involved an approved marina project will cost \$1.3 million and will accommodate 70 boats, ranging from 35 to 60 feet in length, provide cable television wire to each boat slip, and charge user fees. The regional office maintained that the cost of the marina was very high in relation to the general public benefit provided and the extra amenities were unrelated to providing improved or safe access to public waters.

Questions are also being raised about the treatment of user fees collected at sites such as marinas. Currently, user fees collected under these federal aid projects are retained by the states for program use. FWS has proposed to change this policy which would allow states to use this revenue outside the program. Some FWS regional officials object to the proposed change because they believe it is in the best interest of the program for user fee revenue to remain defined and accounted for as program income. They note that states could otherwise earn significant amounts of

revenue from federally funded marinas without having to account for or retain those revenues within the program.

FWS regional offices work closely with individual states in identifying and evaluating projects. FWS regional officials review annual and final reports for each project, monitor project progress, and track expenditures. In the past, FWS prepared annual reports that summarized state obligations, reversions, and unobligated balances and described state projects. The last such annual report covered fiscal year 1984. FWS officials told us that annual reports for subsequent years have not been prepared because of difficulties in establishing a new centralized data management system. They said these problems have been resolved and expect to provide the 1985 and 1986 reports within the next few months.

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In summary, Sport Fish Account revenues have grown considerably more than anticipated, and the Treasury Department and the Fish and Wildlife Service are taking steps to improve the estimating and apportioning procedures. The states we reviewed are using their grants primarily to continue and expand old projects and on research and development. Resumption of the practice of issuing annual reports on fund operations should help keep Congress and others abreast of changes and trends in state spending.

This concludes my prepared statement, Mr. Chairman. We will be pleased to address your questions.

ATTACHMENT I

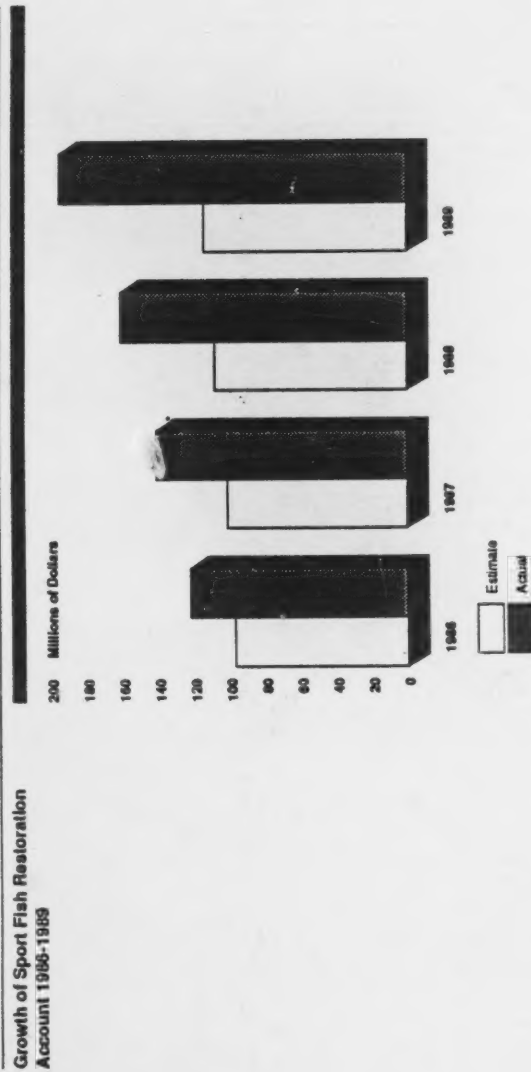
ATTACHMENT I

FISH RESTORATION APPORTIONMENTS FISCAL YEARS 1986 - 1988

State	Apportionment FY 1986	Apportionment FY 1987	Apportionment FY 1988	Total
Alabama	\$ 1,884,620	\$ 2,336,798	\$ 2,619,150	\$ 6,840,568
Alaska	5,497,965	7,005,035	7,785,000	20,288,000
Arizona	2,337,773	2,050,509	2,193,651	6,581,933
Arkansas	1,869,512	2,136,314	2,752,733	6,758,559
California	5,497,965	7,005,035	7,785,000	20,288,000
Colorado	2,690,494	2,463,129	3,392,745	8,546,368
Connecticut	1,099,593	1,401,007	1,537,000	4,037,600
Delaware	1,099,593	1,401,007	1,537,000	4,037,600
Florida	2,416,707	3,126,823	2,497,231	8,040,761
Georgia	2,228,012	2,824,489	2,147,863	7,200,364
Hawaii	1,099,593	1,401,007	1,537,000	4,037,600
Idaho	1,863,348	2,438,294	2,632,846	6,934,488
Illinois	2,422,951	2,175,956	3,289,292	7,888,199
Indiana	1,906,585	2,232,492	2,450,763	6,589,840
Iowa	1,643,405	2,054,125	2,276,229	5,973,759
Kansas	1,616,290	2,047,405	2,205,707	5,869,402
Kentucky	1,797,618	2,234,586	2,571,787	6,603,991
Louisiana	1,798,230	2,202,715	2,496,550	6,597,495
Maine	1,099,593	1,401,007	1,537,000	4,037,600
Maryland	1,099,593	1,401,007	1,537,000	4,037,600
Massachusetts	1,099,593	1,401,007	1,537,000	4,037,600
Michigan	4,070,093	5,133,207	5,835,904	15,039,204
Minnesota	4,149,901	5,152,126	5,629,292	14,931,319
Mississippi	1,578,260	1,966,252	2,160,074	5,704,586
Missouri	2,884,432	3,575,096	4,026,679	10,486,207
Montana	2,481,647	3,148,104	3,521,572	9,151,323
Nebraska	1,434,018	1,790,427	2,059,188	5,283,633
Nevada	1,713,753	2,196,369	2,396,720	6,306,842
New Hampshire	1,099,593	1,401,007	1,537,000	4,037,600
New Jersey	1,099,593	1,401,007	1,537,000	4,037,600
New Mexico	1,988,951	2,529,759	2,808,320	7,327,030
New York	2,670,745	3,462,477	3,941,433	10,074,655
North Carolina	1,531,778	2,026,655	2,262,806	5,821,239
North Dakota	1,227,394	1,533,327	1,690,810	4,451,531
Ohio	2,724,755	3,741,519	4,125,566	10,591,840
Oklahoma	2,163,618	2,708,112	2,911,709	7,783,439
Oregon	2,552,097	3,279,586	3,727,153	9,558,836
Pennsylvania	2,742,303	3,369,871	3,905,821	10,017,995
Rhode Island	1,099,593	1,401,007	1,537,000	4,037,600
South Carolina	1,232,474	1,599,298	1,761,906	4,593,678
South Dakota	1,309,513	1,661,278	1,893,714	4,864,505
Tennessee	1,981,098	2,604,560	2,769,007	7,354,665
Texas	5,497,965	7,005,035	7,785,000	20,288,000
Utah	1,848,443	2,333,597	2,607,026	6,789,066
Vermont	1,099,593	1,401,007	1,537,000	4,037,600
Virginia	1,617,701	2,113,122	2,440,799	6,171,622
Washington	2,545,887	3,213,651	3,526,831	9,286,369
West Virginia	1,099,593	1,401,007	1,537,000	4,037,600
Wisconsin	2,847,813	4,963,796	5,261,566	13,073,175
Wyoming	1,665,915	2,164,989	2,379,449	6,210,353
Puerto Rico	1,099,593	1,401,007	1,537,000	4,037,600
Guam	366,531	467,002	519,000	1,352,533
Virgin Islands	366,531	467,002	519,000	1,352,533
American Samoa	366,531	467,002	519,000	1,352,533
Mariana Islands	366,531	467,002	519,000	1,352,533
District of Columbia	366,531	467,002	519,000	1,352,533
TOTALS	\$109,959,300	\$140,073,700	\$153,700,000	\$403,733,000

ATTACHMENT II

ATTACHMENT II

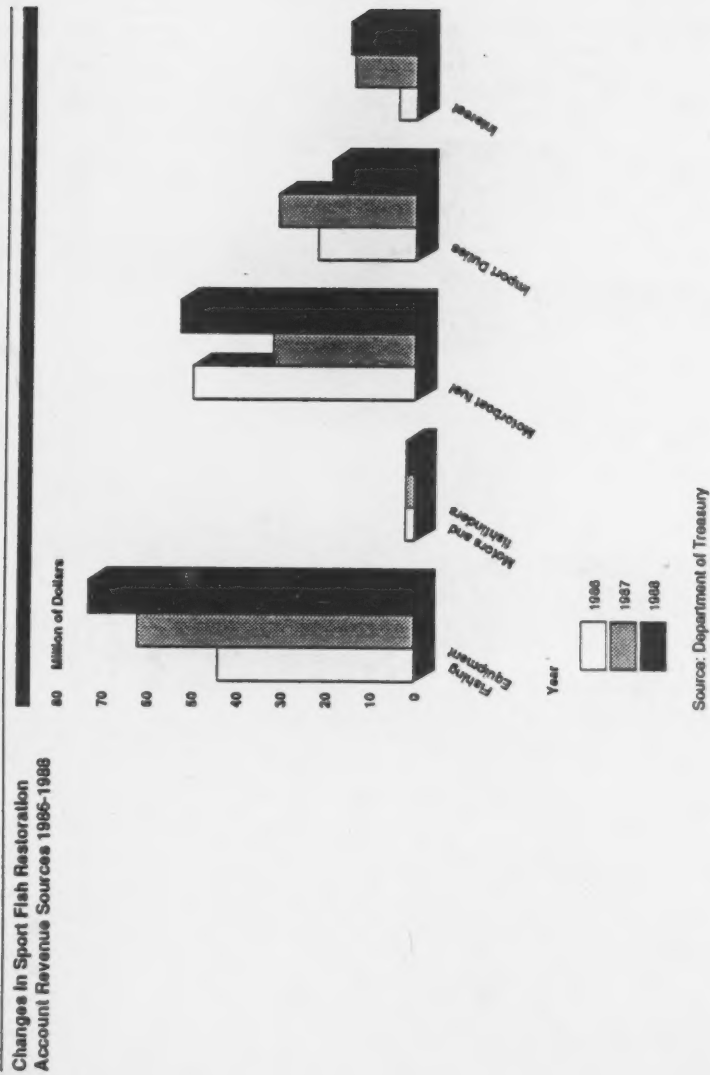


Source: Department of Treasury

The 1989 actual figure is a Department of Treasury projection.

ATTACHMENT III

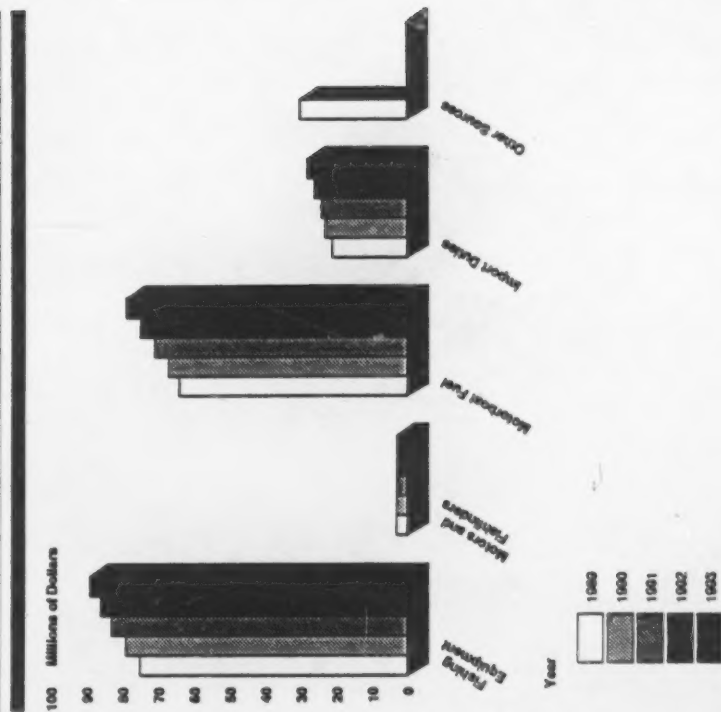
ATTACHMENT III



ATTACHMENT IV

ATTACHMENT IV

Projected Growth in Sport Fish
Restoration Account Revenue
Sources 1989-1993



Source: Department of Treasury

Other sources of revenue were projected for 1989 only. Other sources of revenue include previously unreported sources and interest.

ATTACHMENT V

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Alternative Option For Allocating Apportionments

To assist coastal states in dividing expenditures of funding from new trust fund revenue sources between freshwater and marine projects, FWS separately calculates the portions of apportionments attributable to revenues from items taxed before and after the trust fund was established in 1985. FWS calculations are based on its assumptions regarding the proportion of fishing equipment excise tax revenues attributable to "old" items taxed before Wallop-Breaux and the proportion of revenues from "new" fishing equipment items taxed after Wallop-Breaux. Revenue from old items is called base funding while revenue from new items plus import duty and motorboat fuel tax revenue make up expanded funding.

Some coastal states, however, have questioned FWS assumptions, believing estimates of revenue from new items were underestimated resulting in an inequitable increase in available funding for freshwater projects over funding for saltwater projects. For example, for 1985 and 1986 revenue receipts, the FWS estimated that about 89 percent of fishing equipment tax revenues were from old tax items and the remaining 11 percent from new items taxed. Some coastal states believed the 11 percent estimate was not representative of tax receipts from new tax items. Based on these concerns and increased fishing equipment revenues, FWS revised the ratio to 68/32 percent, respectively, in 1988. The new formula

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will be used for one year only and will be reevaluated for future apportionments.

FWS officials believe that a permanent formula is needed to simplify the allocation of apportionments to the coastal states for freshwater and saltwater project spending. FWS assumptions regarding revenues from "old" and "new" items cannot be verified because no independent data is available to validate FWS estimates. In addition, the distinction between what revenues are derived from old and new tax items will become even less clear as the Wallop-Breaux Trust fund becomes more established in the coming years.

One option for simplifying the allocation of apportionments to coastal states is to eliminate requirements to calculate base and expanded amounts of apportionments and allocate whole apportionments instead on each state's ratio of the number of freshwater and marine anglers. The FWS identifies these ratios in its Survey of Fishing and Hunting. Currently, most coastal states are using ratios identified in the 1980 survey--the latest survey data available-- to equitably divide spending of the part of apportionments from "new" revenues between fresh and saltwater projects. However, states can use this ratio to allocate their entire apportionment between fresh and saltwater spending. Some states, such as California, follow this practice.

The table below show how several coastal states would be affected by such a change. Based on Treasury projections of 1989

ATTACHMENT V

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Sport Fish Restoration Account funding, we calculated state apportionments and base and expanded funding. Using this estimate of 1989 apportionments and FWS 1980 freshwater/saltwater ratios, we then calculated the amount available for freshwater and marine following the current FWS method for allocating funding from the base and expanded portions of apportionments. We compared these amounts to calculations using the same 1980 freshwater/saltwater ratios to allocate the total apportionment.

Our analysis shows that under the option, freshwater funding for all coastal states would decline by about \$9 million while saltwater would increase by the same amount. However, the total size of apportionment for each state would not change, and freshwater funding would continue to receive the majority of funding. In addition, the 1980 freshwater/marine ratios may not accurately reflect the current number of freshwater and marine anglers within the states. When available, the FWS 1985 survey may show a change in the ratios or the states may have data that better reflects their numbers of freshwater and saltwater anglers.

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COMPARISON OF CURRENT METHOD AND ALTERNATIVE OPTION FOR ALLOCATING APPROPRIATIONS

State 1	Base	Expend	Estimated 1989 Appropriation	Fresh- water Ratio 2	Salt- water Ratio 2	Current Method for Allocating Freshwater & Marine Funding From Appropriation		Option for Allocating Freshwater & Marine Funding From Appropriation		Difference Between Current and Proposed Method for Allocating Funds	
						Freshwater	Saltwater	Freshwater	Saltwater	Freshwater	Saltwater
1 Alaska	81,076,775	92,996,132	81,144,867	0.95	0.05	83,962,360	616,507	83,006,276	9156,363	1657,817	833,837
2 Alaska	3,306,430	6,212,500	9,413,000	0.79	0.21	8,100,250	1,304,642	7,436,270	1,776,770	1672,000	672,000
3 California	3,200,430	6,212,500	9,413,000	0.42	0.58	7,022,270	2,390,730	5,816,000	3,576,940	11,216,160	1,216,160
4 Connecticut	640,084	1,242,516	1,882,600	0.55	0.45	1,323,440	559,132	1,025,430	847,170	1280,030	208,030
5 Delaware	640,084	1,242,516	1,882,600	0.29	0.71	1,009,414	887,186	562,936	1,336,646	1454,460	454,460
6 Florida	1,617,715	2,796,858	4,728,572	0.54	0.46	2,944,770	1,783,795	2,203,479	1,482,143	1641,161	641,161
7 Georgia	1,296,090	2,517,057	3,806,147	0.93	0.07	3,636,303	175,844	3,576,717	766,470	196,583	96,583
8 Hawaii	640,084	1,242,516	1,882,600	0.12	0.88	737,186	1,095,414	225,912	1,656,400	1583,274	583,274
9 Louisiana	1,026,134	1,997,295	3,018,429	0.84	0.16	2,499,862	318,367	2,515,690	402,901	1144,213	144,213
10 Maine	640,084	1,242,516	1,882,600	0.79	0.21	1,421,672	260,928	1,402,254	392,346	1134,410	134,410
11 Maryland	640,084	1,242,516	1,882,600	0.43	0.57	1,174,366	708,234	807,310	1,077,082	1344,040	344,040
12 Massachusetts	640,084	1,242,516	1,882,600	0.45	0.55	1,199,216	683,384	847,170	1,035,630	1322,040	322,040
13 Mississippi	640,084	1,242,516	1,882,600	0.91	0.09	2,926,649	125,140	2,376,720	235,063	179,933	79,933
14 New Hampshire	640,084	1,242,516	1,882,600	0.77	0.23	1,598,871	283,729	1,409,692	432,980	1847,219	187,219
15 New Jersey	640,084	1,242,516	1,882,600	0.31	0.69	1,925,264	844,311	503,406	1,384,140	1441,850	432,257
16 New York	1,620,327	3,145,341	4,765,668	0.41	0.59	3,538,965	1,226,402	2,902,690	1,806,611	1631,930	631,930
17 N. Carolina	939,281	1,805,763	2,745,044	0.81	0.19	2,927,999	343,995	2,216,163	511,841	1174,763	174,763
18 Oregon	1,532,237	2,976,382	4,508,619	0.89	0.11	4,179,400	327,178	6,010,850	495,724	1146,563	146,563
19 Rhode Island	640,084	1,242,516	1,882,600	0.40	0.60	1,137,090	745,510	735,640	1,179,560	1384,050	384,050
20 S. Carolina	778,321	1,406,052	2,184,373	0.76	0.24	1,792,960	337,448	1,619,871	511,285	1173,837	173,837
21 Texas	3,200,430	6,212,500	9,413,000	0.30	0.70	2,549,226	1,863,774	4,509,100	2,823,900	1966,126	966,126
22 Virginia	1,603,415	1,947,865	2,951,279	0.43	0.57	2,230,521	720,408	1,809,248	1,091,953	1371,263	371,263
23 Washington	1,409,083	2,814,479	4,224,362	0.72	0.28	3,576,360	708,054	3,030,341	1,191,021	1665,967	465,967
Totals	578,345,371	825,025,271	641,348,592			645,982,294	817,373,013	657,025,716	426,374,049	146,956,578	46,956,578
Average	81,212,405	92,992,316	95,624,773			87,846,795	875,386	82,039,379	91,144,524	16,809,416	1,809,416

1 Puerto Rico, Guam, Virgin Islands, American Samoa,
and Mariana Islands are not included in this analysis.

2 Fresh and Saltwater ratios are from the Fish and Wildlife Service
1980 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation

ATTACHMENT VI

ATTACHMENT VI

SPORT FISH RESTORATION ACCOUNT OBLIGATIONS FOR SELECTED STATES
Fiscal Year 1987^a

<u>Categories</u>	<u>California</u>	<u>Maryland</u>	<u>Minnesota</u>	<u>Nebraska</u>	<u>New York</u>	<u>Virginia</u>
Research	\$	\$462,523	\$ 658,550	\$ 376,145	\$ 375,559	\$1,269,646
Applied ^b	2,426,250					
Management ^b	2,417,250					
Development	1,858,500	37,395	2,239,312	170,482	1,549,837	
Boating Access	570,000	56,736	407,250	804,270	393,530	276,535
Aquatic Education	105,750			129,000	32,640	
Land Acquisition			397,260	54,300		488,065
Coordination	144,750	42,000	11,250	34,500	87,142	72,847
Technical Assistance/ Guidance			255,000	44,250		
Planning			174,125			
Hatcheries		60,000				
Environmental Review		93,750				
Surveys			63,500			
Capital Outlays	184,500					
Lake and Stream Activities			1,047,778			314,036
Total ^c	<u>\$7,707,000</u>	<u>\$752,404</u>	<u>\$5,254,026</u>	<u>\$1,612,947</u>	<u>\$2,438,708</u>	<u>\$2,421,129</u>
Saltwater	\$2,963,250	\$423,437	N/A	N/A	\$ 781,325	\$ 205,578

^aObligations for California, Maryland, and New York occurred during the state fiscal year.

^bApplied research is defined by California as research that investigates a specific problem reaching a result for practical application to sport fish enhancement activities. Management research is defined as long-term activities such as fish population monitoring, providing technical assistance, and developing fisheries management plans.

^cThe totals indicate the total funds obligated for 1987 and cannot be compared to the state's 1987 apportionment, since prior year funding could have been obligated during 1987.

TESTIMONY BY DERRICK CRANDALL, PRESIDENT OF THE AMERICAN LEAGUE OF ANGLERS AND BOATERS, BEFORE THE SUBCOMMITTEE ON FISHERIES AND WILDLIFE CONSERVATION AND THE ENVIRONMENT, COMMITTEE ON MERCHANT MARINE AND FISHERIES, U.S. HOUSE OF REPRESENTATIVES ON H.R. 3918, AMENDMENTS TO THE AQUATIC RESOURCES TRUST FUND, MAY 12, 1988.

Thank you, Chairman Studds and distinguished Members, for the opportunity to appear to share our views on one of the most important pieces of recreation and resource conservation legislation in several decades, the 1984 creation of the Aquatic Resources Trust Fund. Passage of the legislation creating the Fund was the result of strong, bi-partisan support in the Congress and a strong alliance among the nation's most important recreational fishing and boating advocacy organizations. It is my privilege to appear before you as the President of this unusual and strong coalition, the American League of Anglers and Boaters.

While the specific purposes and activities of the ALAB members vary, each shares a commitment to the philosophical underpinnings of the Aquatic Resources Trust Fund: the nation's tens of millions of anglers and boaters are willing to pay for programs which contribute to the safety and enjoyability of their pursuits through special taxes and fees, providing those fees and taxes are used wisely for resource management, safety education and enforcement and improved access to public waters. This shared commitment led to the creation of ALAB in 1984 as a formalized and on-going version of the "Coalition for the Expansion of D-J," the group which brought about the Aquatic Resources Trust Fund's creation.

Since the creation of the Fund, ALAB has been vigorous in its championship and defense of the program. ALAB members led efforts to block three proposed raids of the trust fund since 1985, and have united in an effort to reauthorize and refine the fund.

Our position is based upon a careful analysis of boater and angler needs, documented in a volume submitted by ALAB for the use of this body. I note the special assistance of the International Association of Fish and Wildlife Agencies on this project. The united position of ALAB members is embodied in the legislation introduced by Chairman Walter Jones, with the assistance and strong support of Representative Bob Davis, which is the subject of this hearing, H.R. 3918, with one change as explained in our letter of May 9 to Chairman Jones, a copy of which is attached.

The members of the American League of Anglers and Boaters ask your help in the swift enactment of legislation which:

TESTIMONY BY DERRICK CRANDALL, PAGE TWO

- amends the original authorization limitation on the boating safety account of the trust fund. We support an authorization of \$60,000,000 per annum for this account for Fiscal Years 1989 and 1990, rising to \$70,000,000 for Fiscal Years 1991 to 1993. The higher limits reflect actual and projected increases in federal motorboat fuel taxes credited to the Fund as well as expanded needs for active state boating safety programs. We support the provisions of H.R. 3918 regarding the distribution of available funds among the states and the U.S. Coast Guard; specifically, those provisions allow the Coast Guard to expend monies equal to those provided as matching grants to the states for boating safety programs; and
- specifically provides that contributions of funds, real property, materials and services by private interests can be utilized by states to match monies available through the Sportfish Restoration Account of the fund.

The unified ALAB position goes beyond those provisions described above. We endorse the retention of the provision requiring that states expend at least 10% of the monies available to them under the Sportfish Restoration Account to improve access to public waters for boaters, as well as the authorization to use funds for this account to conduct Aquatic Resources Education Programs. We also ask the Congress' help in assuring that a portion of the monies available to the Coast Guard and the Department of the Interior for administration of the fund be utilized to conduct a regular survey of boating activity and boater needs, to complement the National Hunting and Fishing Survey. We further believe that this survey should be done both efficiently and in such a manner that credible information on federal and state motorboat gasoline excise tax data on a state-by-state basis would be made available.

This is especially important because state fuel tax receipts attributable to boating are approximately twice the amount collected in federal tax.

We further support periodic national gatherings of angling, boating and appropriate government representatives to discuss long-range objectives of the Aquatic Resources Trust Fund, funded in part by monies made available for administration of the program.

This ALAB position has been specifically endorsed and adopted by the following organizations:

TESTIMONY BY DERRICK CRANDALL, PAGE THREE

American Fisheries Society
 American Fishing Tackle Manufacturers Association
 American Recreation Coalition
 Atlantic Salmon Federation
 Atlantic States Marine Fisheries Commission
 Bass Anglers Sportsman Society
 Boat Owners Association of the United States
 Boating Trades Association of Texas
 California Trout
 Federation of Fly Fishers
 Fish America Foundation
 Fred Arbogast Company, Inc.
 Great Lakes Sport Fishing Club of Milwaukee
 Gulf States Marine Fisheries Commission
 International Association of Fish and Wildlife Agencies
 Izaak Walton League of America
 Mercury Marine Division, Brunswick Corporation
 Muskies, Inc.
 National Association of State Boating Law Administrators
 National Boating Federation
 National Coalition for Marine Conservation
 National Marine Manufacturers Association
 National Wildlife Federation
 Outboard Marine Corporation
 Pacific Marine Fisheries Commission
 Restoration of Atlantic Salmon in America, Inc.
 River City Anglers
 Robert J. Goldstein and Associates
 South Carolina Anglers, Inc.
 Sport Fishing Institute
 States Organization for Boating Access
 Theodore Gordon Flyfishers, Inc.
 Trout Unlimited
 Zebco Division, Brunswick Corporation

Mr. Chairman, we certainly appreciate the interest you have in assuring the wise investment of the boater- and angler-paid taxes which fuel the Aquatic Resources Trust Fund. Your active support has helped block several attempted raids on the trust fund since 1985 and has helped improve the accounting of receipts to the fund. We look forward to further progress together during the reauthorization period provided under H.R.3918.

Thank you for your interest.

Derrick Crandall, President, American League of Boaters and Anglers, c/o American Recreation Coalition, 1331 Pennsylvania Avenue, NW, #726, Washington, D. C. 20004
 (202) 662-7420.

AMERICAN LEAGUE OF ANGLERS AND BOATERS

2550 M Street, N.W., Suite 425, Washington, D.C. 20037 (202)662-7420



May 9, 1988

The Honorable Walter B. Jones, Chairman
Committee on Merchant Marine and Fisheries
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The American League of Anglers and Boaters is grateful for the continuing support you have provided to the Aquatic Resources Trust Fund, and is delighted to see the growing support among your colleagues for H.R. 3918, which you introduced earlier this year.

Over the last two months, members of this organization have been examining information developed by the General Accounting Office, the Department of Treasury and committee staff regarding anticipated future receipts of the Fund. There is substantial evidence to support an expectation that the fund will continue to grow during the time period covered by H.R. 3918, although not dramatically. Because of this expected growth, and because of the importance we attach to safeguarding human lives through boating education and enforcement efforts, the ALAB members have adopted a revised consensus position on Boating Safety Account authorizations.

We believe that authorization for spending under the Boating Safety Account should rise beginning in the third year of the reauthorization period, or Fiscal Year 1991, to \$70,000,000, and continue at that level thereafter. We believe these additional funds can make a substantial improvement to the safety and enjoyability of boating, and ask your help in assuring that these additional funds will be made available if marine fuel tax and other receipts rise as expected.

We ask you to permit the amendment of your bill to reflect this change in the ALAB position.

Sincerely,

Berrick A. Crandall
Berrick A. Crandall
President

HONORARY CO-CHAIRMEN

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Hon. Malcolm Wallop, U.S. Senator

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American Recreation Coalition
Atlantic Salmon Foundation
Atlantic States Marine Fisheries Comm
Bass Anglers Sportmen's Society
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California Trout
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cc: Hon. Earl Hutto
Hon. Gerry Studds
ALAB Board of Directors

STATES ORGANIZATION FOR BOATING ACCESS

S.O.B.A. P.O. Box 25655 Washington D.C. 20007 202/296-4588

May 19, 1988

The Honorable Gerry E. Studds
Chairman, Subcommittee on Fisheries and
Wildlife Conservation and the Environment
Committee on Merchant Marine and Fisheries
U.S. House of Representatives
Room 1334, Longworth House Office Building
Washington, D.C. 20515-6230

Dear Congressman Studds:

I was disappointed not to be able to present testimony at the hearing on May 12, 1988, since the marina project discussed in the GAO testimony was one that I had authorized and wanted to defend.

The project was described by the GAO as one which will cost "\$1.3 million and will accommodate 70 boats ranging from 35 to 60 feet in length, provide cable television wire to each boat slip, and charge user fees." This is correct except that the boat size ranges from 25 to 60 feet. The 35 feet cited probably was a typographic error. In fact, 31 of the 36 seasonal slips provided are rented to the owners of boats 30 feet or less in length. The remaining 34 slips are rented to transient boaters cruising in the area.

The project provides cable TV mainly because it was desirable to make provision for this service in the initial construction of the project rather than it at a later date. The first costs of this service were about \$4,500; later it would be three or four times as expensive.

The project did cost about \$1.3 million (the precise figure is \$1,272,000). However, more than one-third of this cost, about \$450,000, was used to construct a fishing pier and a parking area for its users and was not attributable to the boating facility. Although this was not noted by the complaining Fish and Wildlife regional office, it was a major justification for the project at the state level.

Whether marinas should be funded at all from the SFRA or with any other public money, is by no means a new topic of discussion. I remind you that the old Bureau of Outdoor Recreation (BOR) concluded years ago after a review of Michigan marinas that if the individual states found a demand for such facilities sufficient to cause them to set aside funds for their development, it should be a sufficient finding for the federal government as well. The BOR's successor agency, the Heritage Conservation and Recreation Resource agency (HCRS), did not question construction of the facilities but did question slip rental policies. The HCRS initially concluded that slips should not be continuously rented to the same user for more than five years and that, initially and every five years thereafter, there should be some type of lottery to allot slips to individual boaters. After nearly two years of discussion, the HCRS finally learned that the reason the states were building marinas was because a severe slip shortage existed, not because boaters merely were moving from one marina to

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another. In other words, because there was not a boat slip in existence for every boater who wished to rent one, forcing a person out of a marina could well result in his/her also being forced out of boating altogether because another slip was not available. The restrictive rental/lottery policy was not adopted.

It was a fact then, and it is a fact today, that persons in the business of selling new boats find it much easier to sell a boat if they also can offer a boat slip rental to the purchaser. This obviously would not be the case if the supply of boat slips equalled or outstripped demand.

If the issue of marinas is to be examined, it would be helpful if the subcommittee would investigate the entire supply and demand situation further before arriving at a conclusion. Both California and Michigan, for example, have enacted legislation providing public financial help to private enterprise to encourage the construction of additional boat slips. Certainly, legislation of this nature is based on a statewide shortage, rather than surplus, of slips. In Michigan for example, the Department of Natural Resources finds a present shortage of at least 5,000 boat slips, with the potential being as high as 15,000. Furthermore, they find that every new slip could result in the sale of a new boat, meaning there is a strong economic incentive for government to assist the private sector in the construction of new boat slips.

Finally, it should be remembered the funds intended to finance the 10 percent set-aside come from the federal taxes on watercraft fuel and that the taxes are paid by the owners of boats both under and over 25 feet long. The former can be accommodated at boat launching sites, but boats over 25 feet in length require marina facilities. If there is concern about the special amenities provided at publicly financed marinas, that is the point to isolate and debate. Restricting the construction of the basic facilities themselves, however, would not be responsible in view of the existing shortage and the efforts underway by the various states to alleviate it.

I hope this provides some new insight on this subject. I am taking the liberty of sending a copy of this letter to all members of the committee.

Sincerely,

Keith Wilson
President

KW/sre

STATEMENT OF THE SPORT FISHING INSTITUTE AND AMERICAN FISHING TACKLE MANUFACTURERS ASSOCIATION ON H.R. 3918, AMENDMENTS TO THE AQUATIC RESOURCES TRUST FUND, PRESENTED TO THE SUBCOMMITTEE ON FISHERIES, WILDLIFE CONSERVATION AND THE ENVIRONMENT, COMMITTEE ON MERCHANT MARINE AND FISHERIES, MAY 12, 1988.

Mr. Chairman and members of the Subcommittee:

The Sport Fishing Institute and American Fishing Tackle Manufacturers Association appreciate the opportunity to share our views on H.R. 3918, a bill to amend the Aquatic Resources Trust Fund. Original passage, in 1984, of the legislation which created the Aquatic Resources Trust Fund, marked a new era in recreational fisheries development in the United States. The new program significantly enhanced the ability of the state fish and wildlife agencies to protect and expand sport fishing opportunities.

The added aquatic resource expansion, and fishing opportunity development capabilities available as a consequence of the new program are not only timely, but are essential to the nation's efforts to keep pace with the growing interest in recreational fishing. Fishing is now the second favorite outdoor recreational activity among American adults. The Gallup Poll's 1985 Leisure Activities Audit (indoor and outdoor) reported that 34 percent of adults sampled (18 years and older) spent some time fishing in the previous 12 months. Fishing is the single most popular leisure activity among adult men (44 percent participation rate) and number five among adult women (24 percent).

According to findings from the National Survey of Fishing, Hunting, and Wildlife-Associated Recreation, which have been conducted by the U.S. Fish and Wildlife Service at five-year

intervals since 1955, the total number of anglers (both freshwater and saltwater) has increased almost two and a half times over the past 30 years, from 20,813,000 anglers 12 and older estimated for 1955 to 51,783,000 in 1985. The total number of age 12 and older persons in the U.S. population, on the other hand, increased by only 1.7 times over this same 30 year period.

Boating is also an increasingly favored recreational activity and boating and fishing are strongly linked. It has been noted that 80-85 percent of all boat owners use their boats at least some of the time for fishing, while over half of all boats are bought primarily for fishing. The growing number of boaters on the nation's waterways create greater need for systematic education on boating safety awareness.

The growing popularity of fishing and boating and the expanding population of the U.S., combine to place greater responsibility on fishery resource professionals. Meeting the angling public's recreational fishing requirements is becoming increasingly complex, demanding and costly. Governmental management agencies are responsible for the husbandry of our nation's common property fishery resources and it is upon their dedicated efforts that both the nation's sport fishing industry and the angling public ultimately depend. Successful and rewarding sport fishing excursions do not just happen in today's world of conflicting resource use and high intensity demand, they are the product of professional fishery management. The Aquatic Resources Trust Fund provided marked improvement in the capability of government agencies to meet these new demands.

The Program is truly a partnership between the public and

private sectors. The sport fishing industry is an active partner in the Boating Safety and Sport Fish Restoration Program. Not only do sport fishing related businesses participate directly in the revenue collection process of this program, but the proper investment of the taxes and fees collected in aquatic resource and fisheries expansion and public access projects, is crucial to the future of the sport fishing industry.

As members of the American League of Anglers and Boaters coalition (ALAB), the Sport Fishing Institute and the American Fishing Tackle Manufacturers Association have participated actively in the formulation of the coalition's official position regarding this legislation. We support and ask your assistance in quickly passing the amendatory language embodied in H.R. 3918, with one collectively agreed to change.

The Boating Safety Account within the Aquatic Resources Trust Fund receives boating user fees comprised of that portion of federal fuel taxes contributed by recreational boaters. Congress originally authorized an annual expenditure from the Boating Safety Account of \$45 million. Two years latter, as a result of a recalculation of the actual contribution of federal fuel taxes contributed by recreational boaters (increased from .075 percent to 1.08 percent of all fuel tax collected), Congress increased the annual authorization to \$60 million for the Boating Safety Account. Projected growth in deposits of federal fuels taxes over the period of reauthorization sought by the legislation being considered today, led the ALAB coalition to adopt a modified compromise position.

We seek to increase the authorization for the Boating Safety

Account from the original \$45 million to \$60 million for 1989 and 1990 and to \$70 million for each year, 1991, 1992 and 1993. As noted, this amendment to the language contained in H.R. 3918, results from careful consideration of new information on probable deposits to the Aquatic Resources Trust Fund made available to ALAB members only after introduction of H.R. 3918. We also strongly support the language contained in H.R. 3918 which requires the equitable expenditure of funds from the Boating Safety Account between U.S. Coast Guard programs and the state boating safety grants program.

Finally, we support the provision in H.R. 3918 regarding the use of funds, materials, lands and services by the states as matching contributions.

The five-point reauthorization position of ALAB also contained a provision of vital importance to the sport fishing industry which was not deemed appropriate for resolution in statutory amendment. This concern relates to long range planning for the Program. The industry believes it is vitally important to systematically involve the entire spectrum of interest groups in the constructive exchange of information relative to improving the Boating Safety and Sport Fish Restoration Program. Improved public involvement and understanding will strengthen the Program.

Our industry has an abiding concern over the proper investment of this industry-supported user fee program. The expansion of safe boating and enjoyable fishing opportunities, under the auspices of the Boating Safety and Sport Fish Restoration Account, are of paramount importance to the sport fishing industry. We are particularly anxious to have a voice in structuring the resulting

programs. We urge the support of Congress to realize the expeditious adoption through the regulatory process of the following three ALAB-supported objectives:

- Utilize administrative set-aside funds to conduct periodic survey of boater activities and needs.
- Convene a periodic national gathering of angling, boating and government representatives to discuss long-range strategy for Aquatic Resources Trust Fund.
- Encourage public involvement in state processes yielding Wallop-Breaux plans and project proposals.

We trust these views will be of assistance in your deliberations concerning the Boating Safety and Sport Fish Restoration Program.

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